From: Chris Gronet [redacted]
Sent: Thursday, June 17, 2010 6:52 PM
To: Steve Mitchell
Subject: RE: RE: next steps

We (the exec com) are closed on gov't relations reporting into [redacted] [redacted]s disappointed but is willing to work with this structure.
Also closed on asking [redacted] to taking on the acting role for [redacted] (while we conduct the search and consider him for the role as well).

Chris Gronet
CEO
Solyndra, Inc.
47700 Kato Road
Fremont, CA 94538 USA
[redacted]

From: [redacted]
Sent: Thursday, June 17, 2010 9:07 AM
To: [redacted] Chris Gronet
Subject: Fw: next steps

Let's discuss. The white house offer to help may cut this short but it could be done in conjunction.

From: [redacted]
To: [redacted]
Sent: Thu Jun 17 06:19:55 2010
Subject: RE: next steps

Steve, have reviewed the materials sent over by [redacted] and we've also done a bit of additional diligence on our side. The CDA investments are powerful and I think will provide significant credibility and urgency to the need for the US government to step into deeper support for the broader industry, as well as directly to Solyndra.

The CDA investments, as well as the other external factors you and [redacted] have mentioned that are threatening company viability, in my view require direct and aggressive engagement with Washington. Advise the following steps:

1. **Substantiation.** We need to substantiate and crystallize the significance of the CDA investments to both Solyndra *and* the broader industry. We need to be tight in defining the extent to which the CDA investments are upping the stakes on domestic industry and putting immediate pressure on Solyndra's viability – and how the CDA action represents only the most recent step in an ongoing pattern that, if not reversed by some type of US action, will leave the US without a competitive position in this space shortly.
2. **Outreach.** Once we've got a handle on task 1, authorize us (McBee) to perform quiet and surgical outreach with both company supporters and thought leaders on Capitol Hill and in the Administration to lay the groundwork for a broader assault by the company. We can test the narrative, socialize leaders in Washington to the consequences of inaction, and create some appetite to move out with a fix.
3. **Define the fix.** We need to define "the ask" – is it Solyndra-specific (a DOD framework agreement) or industry wide (incentives, mandates, etc) or both? I think at some level it has to be a combination as, again, we'll be most successful if we position this as an industry problem for which Solyndra, as a frontier company, is the

bellwether and is taking the initial and at present most acute pain. We should perform task 3 in conjunction with task 2, but I do not believe that the company should go to the Hill with a specific ask until we have conditioned the environment in advance. Our advance work will also yield useful feedback that will allow us to zero in on a fix that is supportable.

4. **Engagement.** Assuming we have fully substantiated our arguments re task 1, get the right level of response as part of task 2, and have identified the fix outlined in task 3, we will need company officials to engage the US government directly to articulate the problem, raise the stakes around lack of inaction, and advance a solution that allows the industry – and in the near term Solyndra – to stay competitive in the face of global competitive pressure.

My advice is to move quickly on this – to get items 1-3 at a minimum done during the month of July before Congress adjourns (and Washington effectively shuts down) for the month long August congressional recess.

Key on our side is to make sure that we fully establish/protect your credibility as it relates to what will effectively be your opening (and probably closing) argument – that the company's viability is threatened primarily (entirely) because of aggressive and persistent action by the Chinese government. Most importantly is that Solyndra, as the industry leader represents only the first domino, and that unless the US government up's its response to anti-competitive Chinese maneuvers, the entirety of the innovative/domestic solar manufacturers will be strangled in their crib.

All of that requires us to articulate specifically how the company is being undercut in the market. It's worth noting in this context that there is a lot of chatter in the beltway (fanned by your domestic competitors) around your cost structure, which is also something we'll need to discuss and address.

Below are example questions designed to help pull together evidence in support of our position and to hopefully make the point that a consortium of US manufacturers is likely facing similar issues. The point we want to drive is that while Solyndra may be first to be impacted because we are further along, unless the federal government steps up, the US will be without a competitive position in this space shortly.

- What is the current market share of the Chinese manufacturers (Trina, Suntech) in those markets in which Solyndra and its first-moving US competitors currently participate (US, EU specifically)?
    - Data back to Q1 2009 would be most useful to demonstrate the Chinese's recent entry and expanding market share

- What is Solyndra's manufacturing cost trajectory over the next 18-24 months?
    - (If available) How does this curve compare with the Chinese (Trina, Suntech) and domestic competitors possibly facing similar price pressure?

- What is the variance between assumptions included in the company's LGP application/S-1 filing and current real-world pricing?

- How much, if at all, has the European debt issue affected Solyndra sales into the EU (currently their largest share of commercial sales)?
    - Has Solyndra and/or other US manufacturers registered foreign-currency exchange losses on par with the Chinese?

If you're down for this plan, I will get a team on it right away (to include myself). I'm prepared to play hard here and I think you should also – key is to make sure we've got our facts in order as I think communicating the implications of the CDA investments and Solyndra's vulnerability as a result has the potential to be explosive particularly given the trajectory of the energy policy discussion in Washington over the past several wks. We need to come correct out of the blocks –

Thoughts??

From: [redacted]
Sent: Wednesday, June 16, 2010 2:39 PM
To: [redacted]
Cc: Support Staff
Subject: RE: next steps

[redacted]

Anything we need to be talking about?

[redacted]

From: [redacted]
Sent: Monday, June 14, 2010 7:39 AM
To: [redacted]
Cc: Support Staff
Subject: next steps

[redacted] based on the info [redacted] has sent over I'm doing a bit of quiet outreach in an effort to provide best alternatives re next steps.

Advise that we cancel our call today and instead let me come back to you in the next couple of days via mail about how we might proceed after we've had some discussions on the Hill. I can follow up w/ you directly after the email to discuss. OK w/ you?

[redacted]

From: Ken Levit [redacted]
Sent: Friday, June 25, 2010 9:29 PM
To: Steve Mitchell
Subject: Re: Re: solyndra.jpg

He's a bit pessimistic on the loan.

He knows you're doing everything humanly imaginable.

We should get that dod thing enacted into law if there's an energy bill. Is Solyndra working it?

----- Original Message -----
From: Steve Mitchell [redacted]
To: Ken Levit
Sent: Fri Jun 25 16:25:46 2010
Subject: Re: solyndra.jpg

Please do. How is George on this?

----- Original Message -----
From: Ken Levit [redacted]
To: Steve Mitchell
Sent: Fri Jun 25 16:22:18 2010
Subject: Re: solyndra.jpg

We could work on that.

----- Original Message -----
From: Steve Mitchell [redacted]
To: Ken Levit
Sent: Fri Jun 25 16:23:01 2010
Subject: Re: solyndra.jpg

Get them to buy our panels. All they have to do is do some US content type of requirements for DOD procurement.

----- Original Message -----
From: Ken Levit [redacted]
To: Steve Mitchell
Sent: Fri Jun 25 16:17:43 2010
Subject: Re: solyndra.jpg

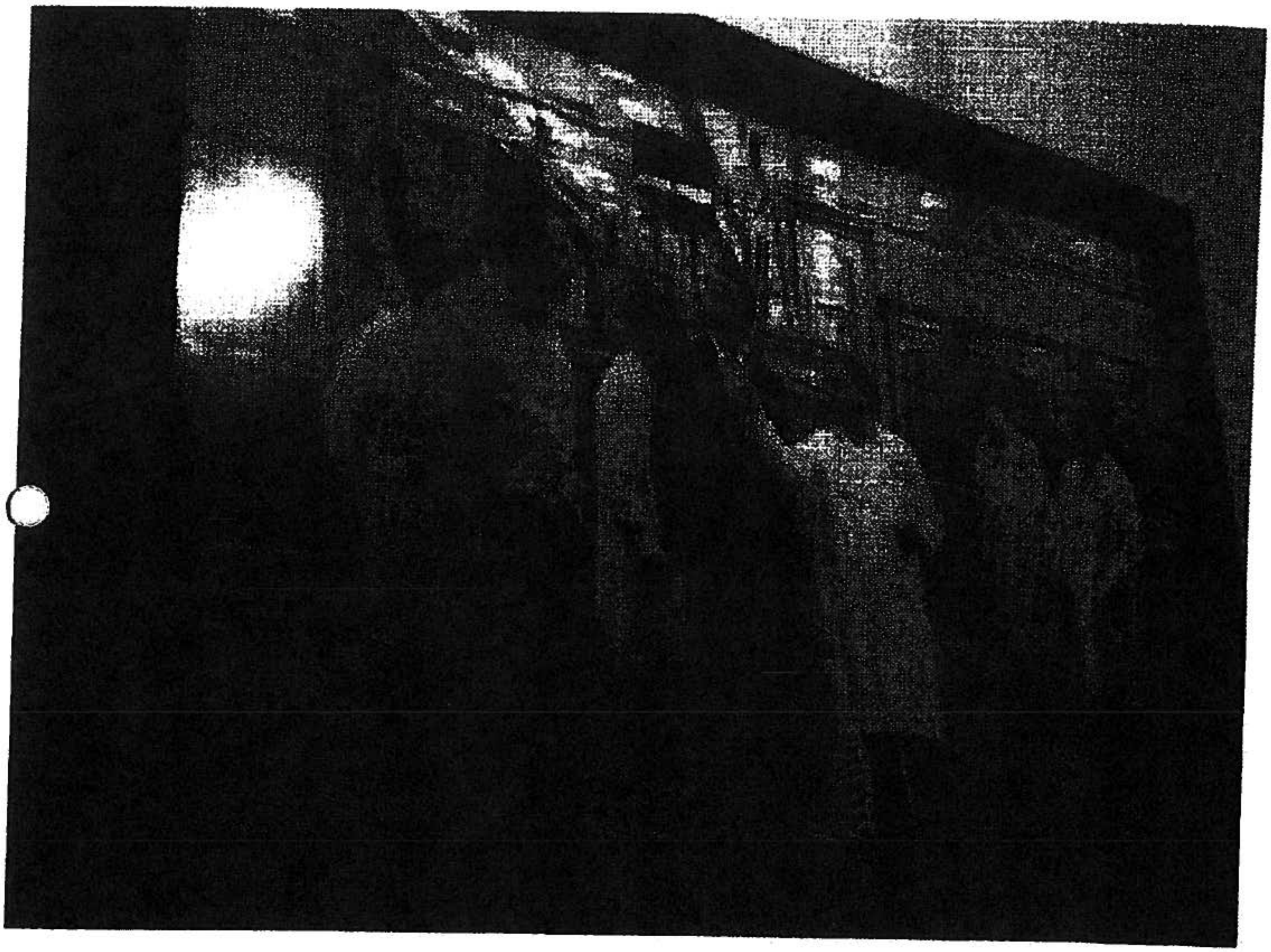
Seriously. I can only imagine. Issue came up in Harry Reid staff meeting too. Wild.

----- Original Message -----
From: Steve Mitchell [redacted]
To: Ken Levit
Sent: Fri Jun 25 16:15:10 2010
Subject: Re: solyndra.jpg

Ugh. Trust me. I feel it.

----- Original Message -----
From: Ken Levit [redacted]
To: Steve Mitchell; [redacted] George Kaiser
Sent: Fri Jun 25 16:10:34 2010
Subject: solyndra.jpg

This picture is hanging in the White House, in the stair well in the West Wing. Gosh...no pressure.



From: [redacted]
Sent: Tuesday, August 10, 2010 7:46 PM
To: [redacted]
Cc: [redacted] Brian Harrison; Steve Mitchell
Subject: RE: RE: NCPV Hotline - August 10, 2010

[redacted]

Getting business from Uncle Sam is a principal element of Solyndra's channel strategy. When Obama visited Solyndra in June, 2010, Chris Gronet spoke very openly to Obama about the need for installation of Solyndra's rooftop solar on U.S. government buildings. I heard Obama actually promise Chris that he would look into it when he returned to Washington. The point is that the government has to pay for energy no matter what. The capital funding to deploy a lot of rooftop solar on government buildings (say $300million) just falls off the table in Washington anyway.

I also believe he [redacted] could act as a major change agent to get solar deployed as a cost parity play with the alternative GHG-belching coal-fired power plants. [redacted] could easily deploy more than 1 million people to this kind of mission. I recently agreed to work with [redacted] as a member of the Campaign Cabinet of the [redacted] Working together with DOE, DOI and other agencies, we should be able to get a lot of Solyndra's rooftop solar deployed throughout the U.S government building/energy infrastructure. I'd like to get a storyline together with Solyndra to make a case for the U.S. Government adoption of Solyndra's product capability. We need to do a better job of telling our story in Washington especially as relates to the threat of competition from China, Inc. I am stunned by the lack of knowledge of our representatives in Washington about China's plans to "dump" pcSi solar in the U.S. market. This has been confirmed by Solyndra's Washington lobbyist, [redacted]

Best.

[redacted]

-----Original Message-----
From: [redacted]
Sent: Tuesday, August 10, 2010 10:30 AM
To: [redacted]
Cc: [redacted].
Subject: Fw: NCPV Hotline - August 10, 2010

[redacted]

Note that [redacted] got a 15 MW order at an Air Force base. Frankly I'm surprised, as those sites tend to be relatively unconstrained on space and so [redacted] is unlikely to be the low bidder. I wonder if 'buy American' rules held sway here. If so, might Solyndra prioritize federal government business, where it could have an 'unfair advantage'?

They may already be doing this, but if it's in fact an effective strategy, perhaps they ought to elevate its priority to the top. (No currency risk nor credit risk, either!). Do they have a salesperson who is specifically dedicated to gov't business? (Which, as you know, is a different animal than commercial sales).

From: Steve Mitchell [redacted]
Sent: Saturday, October 30, 2010 2:40 AM
To: Ken Levit; George Kaiser
Subject: RE: One more DoD contact idea

Ken,

let's discuss tmrw and get Arnold talking with the right guys at Solyndra. We are also working with [redacted] two star general (retired) and [redacted] and [redacted] are helping to arrange something with [redacted]

I will send an update soon but the bottom line is that the DOE continues to be cooperative and have indicated that they will fund the November draw on our loan (app. $40 million) but have not committed to December yet. They did push very hard for us to hold our announcement of the consolidation to employees and vendors to Nov. 3rd - oddly they didn't give a reason for that date.

Steve

From: Ken Levit [redacted]
Sent: Fri 10/29/2010 1:29 AM
To: Steve Mitchell; George Kaiser
Subject: One more DoD contact idea

[redacted] tonight gave me a great idea, to call and possibly enlist [redacted] who worked for [redacted] forever, ran [redacted] office for ten years, has run numerous study board for DoD, gives half his time to [redacted] DoD and consults for other half. He really is a legendary expert on DoD and super-close to various of the Congressional and WH experts. It's a good idea. [redacted] would help make the intro.

From: Steve Mitchell [redacted] on behalf of [redacted]
Sent: Wednesday, November 24, 2010 8:00 PM
To: [redacted] George Kaiser
Cc: [redacted] Ken Levit
Subject: Re: Solyndra Update

[redacted] who is our day to day below Jonathan Silver, believes [redacted] can do everything we have asked of [redacted] without Chu's signature. We have yet to directly ask for a haircut on the debt. When I discussed that the concept was coming up with this concept [redacted] said it was something [redacted] could not do, but [redacted] didn't say if Chu or some other organization (congress, etc) would be required for such a change. We have been working with management to draw up strawman structures that may work - we have tried all sorts of variations that didn't discount he debt but bifurcated a portion behind a new investment liquidation preference. [redacted] indication is that would probably not be enough for a new investor and that they would require a haircut on the senior debt.

From: [redacted]
Sent: Wednesday, November 24, 2010 08:51 AM
To: George Kaiser; Steve Mitchell
Cc: [redacted] Ken Levit [redacted]
Subject: RE: Solyndra Update

And have we gotten any clarity on what the DOE is "allowed" to do without significant additional govt approvals? Last time we talked about this I thought they were not allowed to reduce the debt outstanding or accept equity for debt outstanding without a lot of hoops and hearings?

From: George Kaiser [mailto: [redacted]
Sent: Wednesday, November 24, 2010 8:45 AM
To: Steve Mitchell
Cc: [redacted] Ken Levit
Subject: RE: Solyndra Update

What about DOD (and other governmental entity) sales efforts? Do the DOE people focus at all on how a Buy American plan could be a win win win for them and do they have any influence?

From: Steve Mitchell
Sent: Tuesday, November 23, 2010 8:27 PM
To: George Kaiser
Cc: [redacted] 'Ken Levit'
Subject: RE: Solyndra Update

Here is a reply all without the attachment if your email was blocked since the attachment is password protected.

From: Steve Mitchell
Sent: Tuesday, November 23, 2010 8:19 PM
To: George Kaiser
Cc: [redacted] 'Ken Levit';

Steve Mitchell
Subject: Solyndra Update

George,

I had a good call with Brian Harrison and Bill Stover yesterday and wanted to send an update on the company's current situation.

Sales & Marketing: The company should sell between [redacted] and [redacted] this quarter – [redacted] would be below plan but would occur by choice as Brian has refused to sell into German distribution at low ball prices (if we don't sell it this quarter he believes we can move it next quarter). The dormant inventory in distributors hands has been worked down by Solyndra's sales team – this was app. [redacted] last quarter and this quarter which gives us a market run rate of between [redacted] Pricing has held up and should be around [redacted] for the quarter. The most dramatic change is Brian's growing confidence that we can meet the capacity ramp in 2011. He and [redacted] (our new head of marketing) indicated that the change in market dynamics for our product over the last 3 months has been significant – he attributes this to the integrators understanding our product's application better (and valuing it) and the implementation of forward pricing so the integrator and end user feel they can design in a Solyndra solution to be installed 6 to 9 months out. The communication around shutting Fab 1 and consolidating operations into Fab 2 was apparently handled very well with customers and suppliers and the fall out there has been negligible. I asked Brian the direct question on his belief that the company can drive demand to meet the Q3 capacity step up to [redacted] and he did not guaranty it but he does believe it is achievable. Brian indicated that Solyndra's greenhouse solution is building momentum but he does not expect to see much in the way of sales until Q2 – the feed-in-tariff in Italy is very good for our greenhouse application.

We have had a few good wins that Brian believes are indicative of our value proposition starting to resonate – under the CA renewable energy standards utilities must develop owned renewable energy production as well as buy power from 3rd party producers (requirements are for 50/50 self-generated to purchased energy production). [redacted] had committed to bring online a [redacted] installation to be installed on one of its own distribution centers ([redacted] owns the building – you may recall we have a 16MW installation with them next year). [redacted] was installing crystalline silicon panels until they realized the roof was more load challenged than it had original thought – turns out Solyndra panels are the only panel that can go on this roof. [redacted] called in somewhat of a panic and Brian is 95% certain we will install this project in Q1 at [redacted] Brian stated that more and more of these types of situations are occurring and that he believes momentum is starting to build.

[redacted] asked to come out to Fremont to see our facilities as more integrators were starting to pitch Solyndra products as [redacted] has highly engineered rooftops with sky lights. This is years in the making unfortunately, but the meeting went very well and Wal-Mart officials spent about 3.5 hours with Brian. There were some early discussions about [redacted] buying from Solyndra directly and then outsourcing the installation.

I realize much of the sales report is anecdotal. The key question that outside investors, the DOE and current investors are asking is can Solyndra develop the channels and create demand to meet the ramp up in capacity that occurs in 2011. I, and others, are talking to the company weekly to try and gauge this and will start speaking with customers again soon – but the inputs are primarily anecdotal sales evidence – the size of transactions, where they are occurring, new customers designing us in (for instance [redacted] was refusing to quote Solyndra panels in September and through Brian and [redacted] efforts they look to be a significant partner going forward) and forward looking orders. Brian assured me that we would not know factually significantly more in November or December than we did in September or October about Solyndra's ability to move 2011 output, but that the company would have a much better "feel" for it. He asserts that moving the capacity will not be without its challenges but that he is feeling much better about our prospects.

Operations: Output for the quarter is on track from a volume perspective, however, we did have a low watt per panel output week earlier this month ([redacted] panels ended up being [redacted] panels) which lowered our output from a power production standpoint. This was the result of poor quality moli (source metal) target that has been rectified. 16.1MWs was budgeted for production in the 4th quarter, however this includes [redacted] of output from Fab 2 which we will sacrifice if the manufacturing tax credit comes to fruition. The company will start taking Fab 1 machines down in mid-December and should start installing them in Fab 2 in mid-February. Solyndra did receive [redacted] in the form of Cal. Manufacturing Tax Credit, however, this was not upside to our business plan as we expected to receive this.

Although the consolidation message went well with customers and suppliers, the consolidation is just one more event of volatility that is unnerving Solyndra's employees and attrition is becoming an issue. The company has lost an average of 30 employees each of the last 4 months. Some of these would have been lost to the RIF anyway, however, several of them were employees that are part of the long term success of the technology. Apparently the job market in Silicon Valley is very hot right now and the employees we are losing are the primary bread winner in their household and the uncertainty of Solyndra's viability is forcing the decision to move on. The company is implementing a retention package for app. 100 key employees that will incent them to stay through the next 6 to 9 months which is a critical transition period – if the company fails to secure financing this is moot.

Financing: As you know [redacted] originally approached about 30 strategic investors to lead the app. [redacted] of equity capital that Brian's revised plan calls for to reach cash flow breakeven (this requires not only the [redacted] but the requested concessions from the DOE as well). The strategic investors have all passed. This was not surprising and beyond GE none of the strategic investors engaged in any meaningful way – this is just way outside of the risk/return parameters for these investors.

We have now reached out to financial investors and we have had a better response from this group. Eight financial groups have opted to take meetings. [redacted] is the only one to pass after the initial meeting – they were initially very excited about the opportunity, however, they passed for the following stated reasons 1) they already have a failed CIGS investment in their fund and there is an emotional/mental block to investing in another CIGS player, 2) concern over future pricing declines beyond [redacted] which would require an additional capital raise and 3) fear that the brand is hampered by the pulled IPO and negative press which will be a drag on the company's ability to meet its sales targets. Tough but honest feedback.

The company has met with [redacted] and has meetings scheduled with [redacted] and [redacted] recently decided to reengage) and [redacted] reached back out to Solyndra to reengage on the opportunity. [redacted] and management describe [redacted] as actively engaged in diligence – apparentl [redacted] is hammering on capex costs for future growth (a valid concern) and to what extent can the capex per watt be reduced in future fabrication facilities (TPG's team has several ex Flextronics guys).

The three primary questions that are being asked are 1) can the company drive demand to meet 2nd half of 2011 capacity expansion, 2) can the company continue to cut costs (this is getting the most favorable results) and 3) how does a new investor make the economics work. The first two issues are apparently fairly understood by the potential investors as their interest level has increased the 3rd question is receiving more focus. Basically they are indicating that with [redacted] of DOE debt and [redacted] of convertible debt (the june loan) even assuming the prior rounds of A through F are wiped out it is tough for them to see the types of returns they want to see on this type of investment. Assuming Solyndra hits its plan of [redacted] of Ebitda in 2014 and assuming it trades at [redacted] Ebitda like its peers than the company has an enterprise value of [redacted] of DOE debt leaves [redacted] of equity value. If the new money converts on an equal basis with our convertible debt it will own app. [redacted] of the equity X [redacted] equates to [redacted] of equity value for the new investors or [redacted] However, Solyndra will have reached its full manufacturing capacity by 2014 and a valid argument can be made that without growth prospects the company will be valued at [redacted] Ebitda or will have to raise additional capital (i.e. dilution) to reach a greater valuation multiple. At a [redacted] Ebitda multiple the enterprise value is [redacted] minus [redacted] in debt resulting in a [redacted] equity value – this results in [redacted] in equity value for new investors and [redacted] invested capital. With the execution risk, historical failure to hit plans on budget and the reality of Chinese competition the interested investors are making the argument that they need better economics. Nobody has submitted a term sheet or detailed an outline of a deal, however, [redacted] is telling us that interested investors are making the case that the DOE is going to have to equitize a portion of its debt or more likely need to haircut the debt by [redacted] and that the subordinated debt will need to take a haircut or sit behind liquidation preferences. Goldman and management continue to work with all parties and hopefully we will receive some indications of interest soon.

DOE: As you know, we reached out to the DOE in late September early October to discuss our revised business plan that included consolidating Fab 1 and Fab 2 operations, the need to raise an additional [redacted] and the need to alter the terms of our loan agreement with the DOE. DOE funded the company's October draw of app. [redacted] prior to our meeting in DC and following that meeting funded another [redacted] for November. Key to the company's viability and assumption underlying the [redacted] need is that DOE will continue to fund under the funding schedule outlined in the loan agreement. Our concern has been that they will withhold funding to try and force investors to contribute additional capital now. In our meeting in DC the DOE asked specifically to Argonaut's willingness to fund additional equity capital. I made it very clear that although we believe in the technology and have been incredibly supportive to date, the company needs a new investor with a strong balance sheet for it to effectively move forward. In the event that we are able to see real progress in cost cutting and demand creation and the company secures a strong lead investor that we are very open to making an additional investment (but I was very clear that we were not intending to save the day or underwrite the entire amount). At the time the DOE officials seemed okay with that response, however, as fund raising has been slow (in their minds, not mine as I never thought anyone would make an investment decision until January/February as the more time that passes the more vision they have as it relates to Fab 2 ramp up risk and demand creation) they seem to be getting increasingly nervous about continuing to fund the loan.

The DOE has had discussions with Goldman, Madrone and myself over the past two days. They directly asked Argonaut if we would fund a portion of their loan in December which I declined to do. They indicated that since this "crisis" occurred they are the only group funding the company and that they needed to be able to show their superiors and the OMB that the DOE is not the only group supporting Solyndra. I very politely pointed out that the crisis occurred with a 50% price decline from foreign competition and that we reached out to the DOE in April/May as soon as we learned of the revenue deficiencies facing the company and that the current investor group made a $175 million loan/equity contribution to the company over the past 6 months (the last payment of which was made on Oct. 1st) and that those dollars are behind the DOE's in the capital stack. This point seemed to very much resonate with them and in some ways they appear to be looking to us to give them the arguments to make so they could continue funding the loan. To reiterate the point, it is critical to Solyndra's survival that the DOE continue to fund the loan – if the DOE choses to withhold a draw on Dec 10th or Jan 10th it will shut the company down without financial intervention.

I spent a good amount of time with [redacted] today discussing the possibility that DOE would elect not to continue funding under the loan agreement. None of them see that as a realistic outcome over the next two or three months (I'm less optimistic as I have no faith in my understanding (or anyone's for that matter) of the pushes and pulls driving decision making in Washington (i.e. do it now during a lame duck congress, do it now and have two years behind them before a new presidential election, get it funded and keep it alive past the next election, etc.). The DOE has funded app. [redacted] and to pull the plug without us being materially outside of our covenants and effectively shut the company down while we are in the middle of fund raising, in [redacted] belief, causes more problems than it solves. In any event, the 10th of each month will be critical through February – the funding amounts fall off dramatically at that point. Assuming the DOE continues to fund loan draws the company has until February before it needs to raise capital (there is a lot of sensitivity around receivables and payables that could make this late January or early March). This could be extended by 30 to 60 days if Solyndra qualifies for the full [redacted] manufacturing tax credits.

It isn't really an issue to be fleshed out in this email but under the terms of our subordinated debt we have a first lien security interest in everything Solyndra owns including Fab 1 and the intellectual property (excluding Fab 2). We are taking the time to understand the ramifications of an event in which the DOE decides to stop funding and what a Fab 1 only business plan would look like. This is obviously not an option we would want to pursue unless forced into it but I've asked the questions as to how much capital it would take to reach cash flow positive and what is expected Ebitda and cash flow at full capacity (which is approximately [redacted] and [redacted] in revenues). This route would only be taken if we were left with no other option (and it penciled out as an option we would want to pursue versus liquidation) and it would require a pre-packaged bankruptcy.

I've attached the financial metrics to the consolidation plan that was presented to the DOE. The password is [redacted]. Please note the SG&A and Depreciation in 2011 are inflated by [redacted] as a result of the write off of Fab 1 facilities – they negate each other in the Ebitda line.

Please let us know if what questions or comments you may have.

Steve