

Solyndra Fab 2, LLC

Credit Committee Recommendation

From: Chairman Loan Guarantee Credit Committee
To: Director Loan Guarantee Program Office

Subject: Credit Committee Recommendation re: Solyndra Fab 2 LLC, solar photovoltaic power panel project for a loan guarantee of \$ 535,000,000.

On January 9, 2009, the Credit Committee convened to consider the referenced project for a loan guarantee of \$535,000,000 under Title XVII of the Energy Policy Act of 2006. On January 9, 2009, following a presentation to the Credit Committee and further deliberations among its members, the committee reached the following conclusions:

- The apparent haste in recommending the project meant that certain LGPO credit procedures were not adhered to. Of particular concern were the receipt of the Final Credit Committee Paper and Credit Committee policies and procedures without the requisite advanced notice.
- While the project appears to have merit, there are several areas where the information presented did not thoroughly support a finding that the project is ready to be approved at this time:
 1. There is presently not an independent market study addressing long term prospects for this specific company beyond the sales agreement already in place. Since the independent credit assessment raised the issue of obsolescence in marketing this project it is important to have an independent analysis of that issue as well as the current state of the competitive market.
 2. While the sales agreement is said to have been analyzed by the outside legal advisor assigned to this case, the committee did not have access to this document.
 3. There are questions regarding the nature and the strength of the parent guarantee for the completion of the project.
 4. While it is encouraging to see the apparent progress in the development of the product at the Fab 1 facility, there is concern regarding the scale-up of production assumed in the plan for Fab 2.

The Credit Committee is appreciative of the hard work done by the origination staff, but believes that the number of issues unresolved leaves makes a recommendation for approval premature at this time. Therefore, the committee, without prejudice, remands the project to the LGPO for further development of information addressing the issues outlined above.