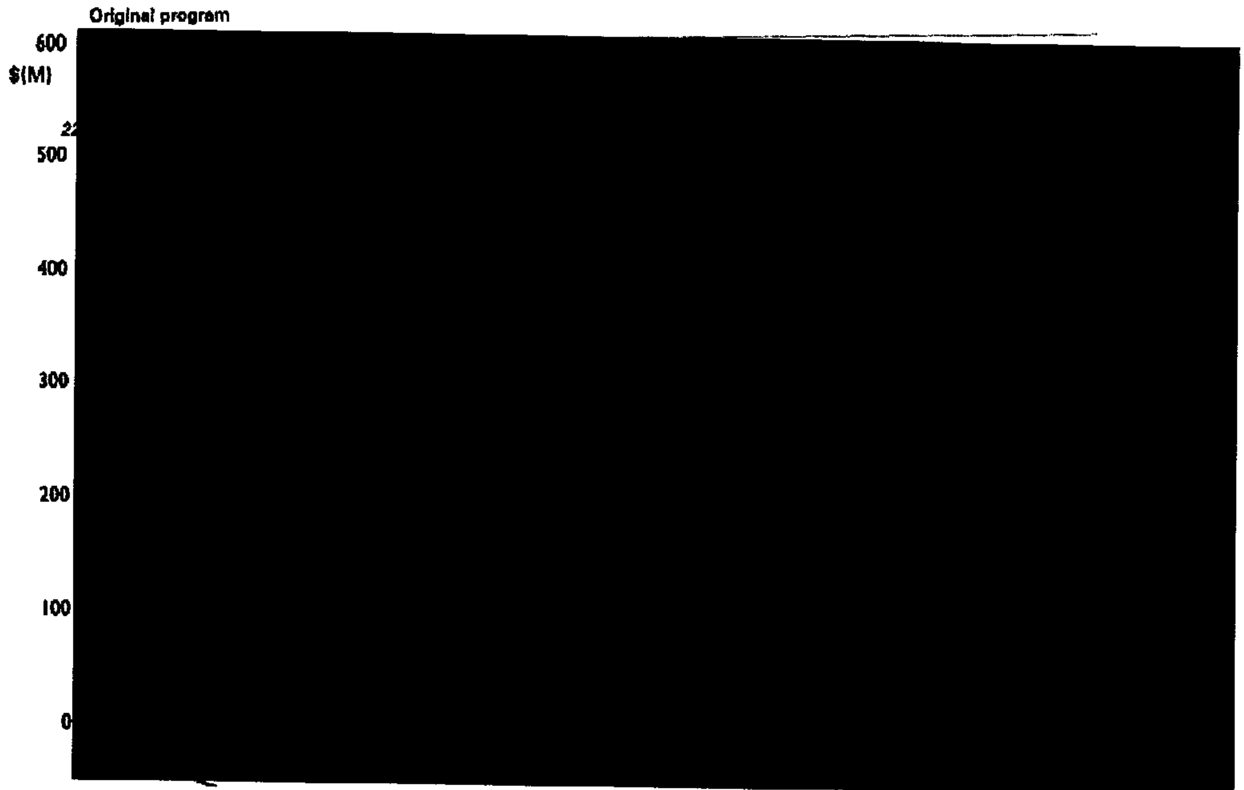


Source: Bright analysis

Figure 1: Summary of major scope-reduction buckets

[redacted]

[redacted]

The biggest change in the program scope is the [redacted] The original ATVMIP application in December of 2008 included sufficient funding to build and equip a greenfield manufacturing facility for the IDEA vehicle [redacted] The manufacturing partnership options include:

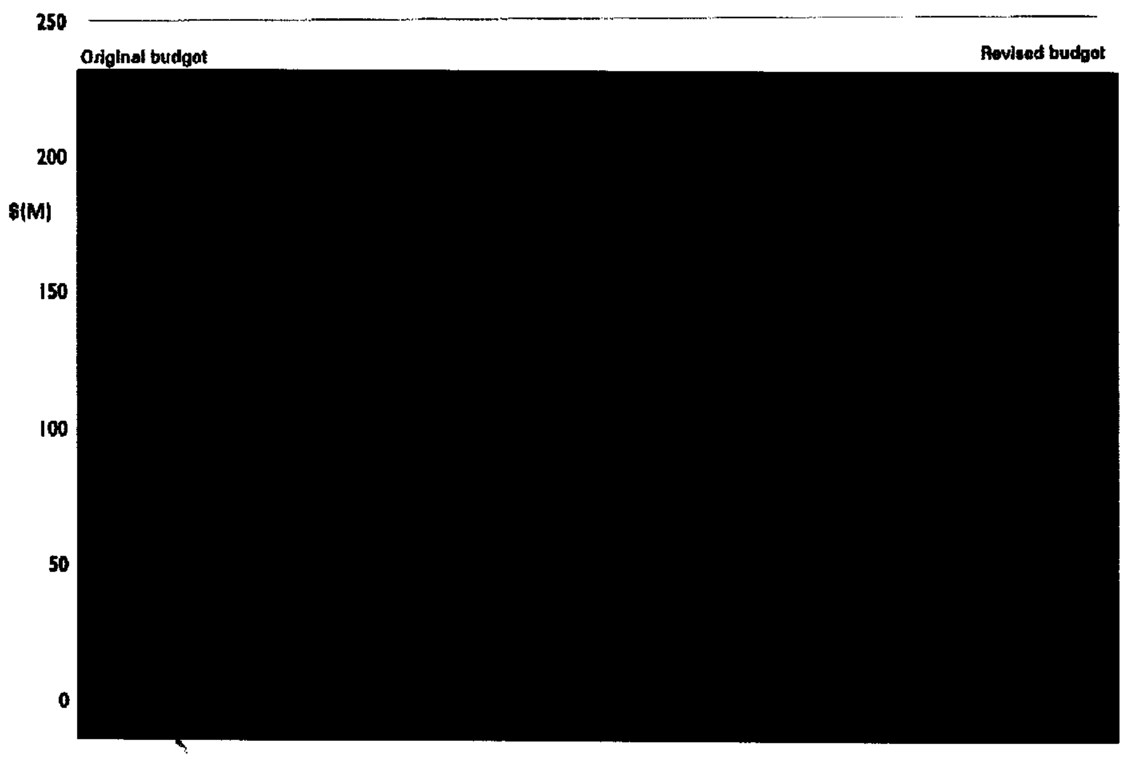
[redacted]

[redacted]

Analysis of major scope reduction areas

[redacted]

[redacted]



[redacted]

Source: Bright analysis

Figure 2: Major scope-reduction drivers in ED&D

Vehicle-level activitie[redacted]

Body design activities[redacted]

BRIGHT AUTOMOTIVE

[redacted]

Interior design activitie[redacted]

Chassis and electrical design activities[redacted]

Powertrain design activitie[redacted]

Completed wor[redacted]

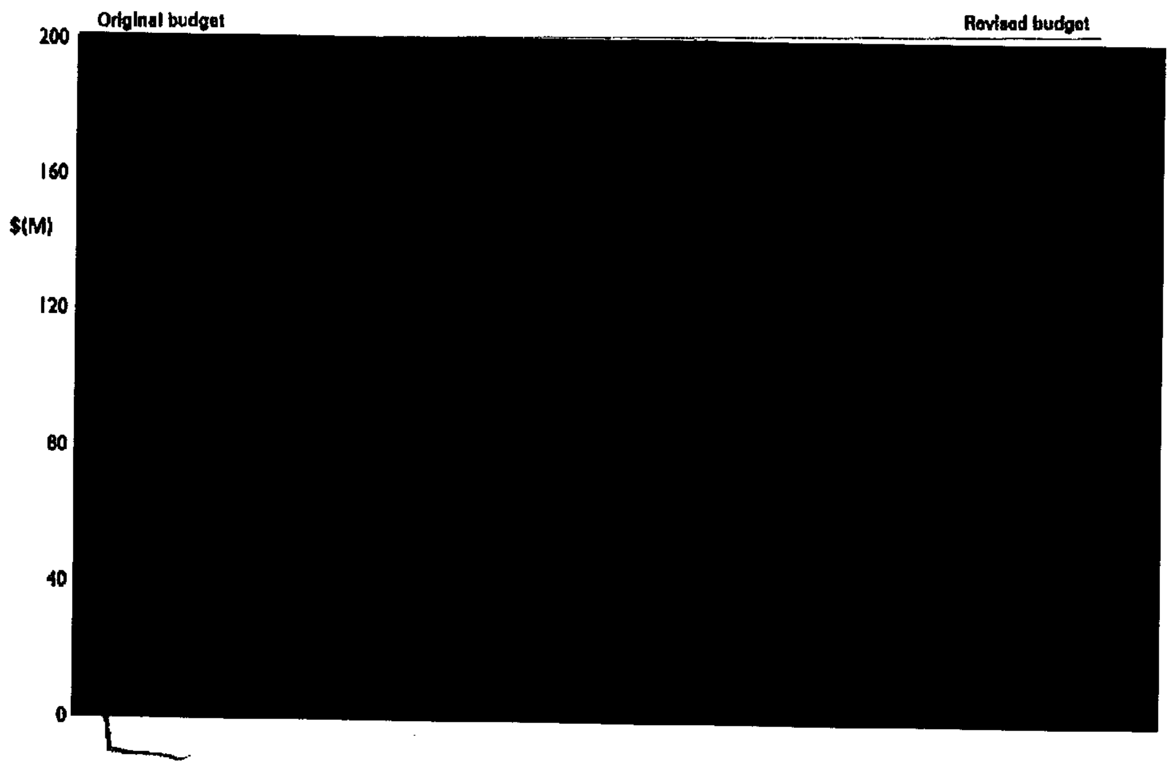
Dynamometer investmen[redacted]

2) Program Vehicles

[redacted]

3) Plant & Production Tooling

[redacted]



[redacted]

Source: Bright analysis

Figure 3: Major scope-reduction drivers in PPT

Interior tooling [redacted]

Electric rear axle (ERAD) tooling [redacted]

Energy storage tooling[redacted]

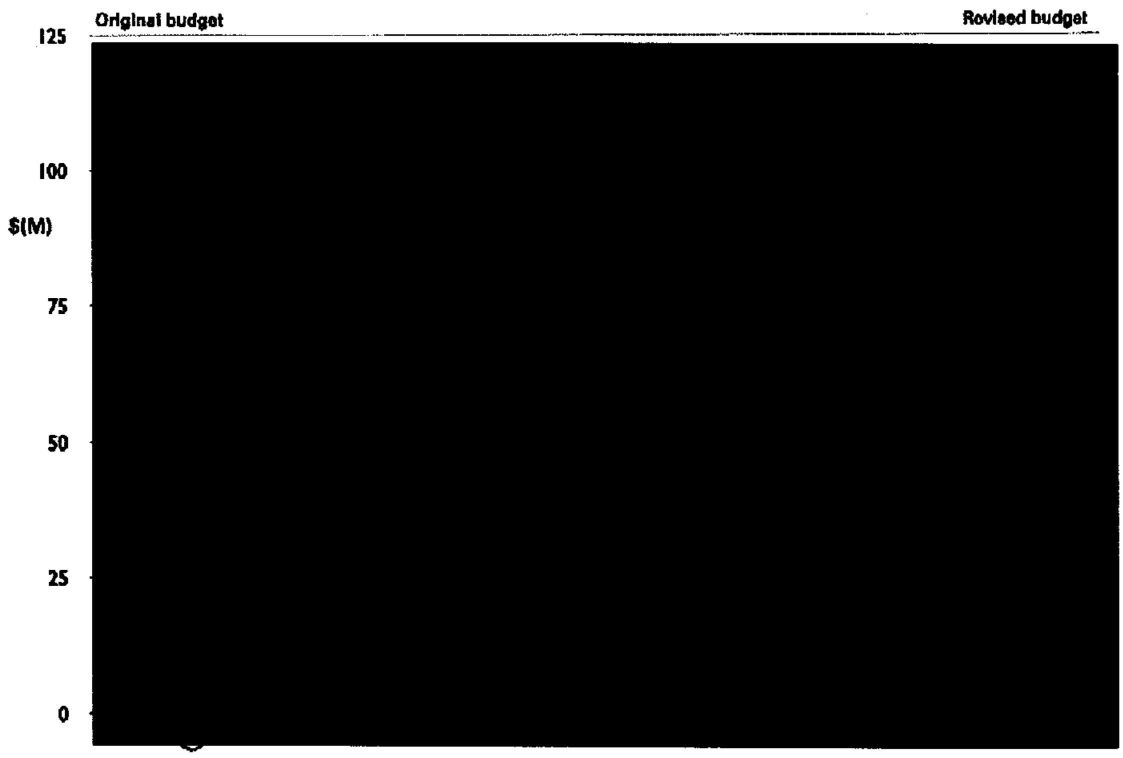
Returnable dunnage,[redacted]

Facility cost[redacted]

Fixtures and production assembly tooling[redacted]

4) Organizational

[redacted]



[redacted]

Source: Bright analysis

Figure 4: Major scope-reduction drivers in the organization (non EDD or PPT)

As shown in Figure 4, the major drivers of organizational savings are:

- **ERP:** [redacted]
- **Purchasing:** [redacted]

[redacted]

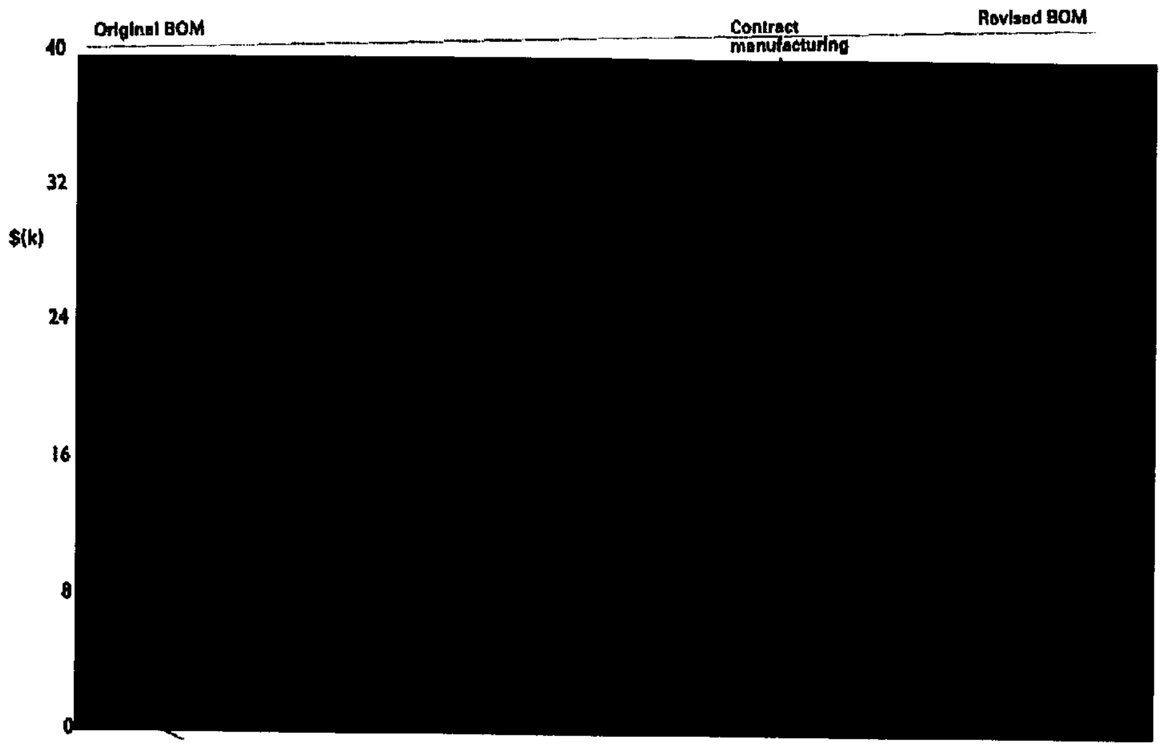
- **Administration:** [redacted]
- **Operations** [redacted]
- **Sales and marketing:** [redacted]

5) Financial

[redacted]

COGS Impact

[redacted]



Source: Bright analysis

Figure 5: Major changes to the IDEA bill of material (BOM) in program year

Moving from left to right in Figure 5:

[redacted]

[redacted]

[redacted]

Conclusion

[redacted]

Bright Automotive
Updated Detailed Project Costs and Program Financial Plan
6 October 2009

CONFIDENTIAL

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John Waters, CEO, jwaters@brightautomotive.com
David Lauzun, VP, dlauzun@brightautomotive.com

This document is provided to guide the reader through the Bright Automotive program financials. The first section (pages 1-7) apply to the IDEA Project Costs, while the second section (pages 7-17) apply to the Financial Plan for the entire enterprise.

Detailed Project Costs

Project Cost Estimate

The program cost spreadsheet (Bright Automotive Operating Plan September 2009 Re-submission Final.xls) is included in the Bright Automotive data warehouse and is described below:

Overview of Total Project Costs

This project represents a clean sheet approach to the design and development of the world's first purpose-built Plug-in Hybrid Electric Vehicle (PHEV) for fleet applications. To achieve the superior fuel economy performance it was necessary to design an all-new vehicle with world-class platform efficiencie[redacted]

Breakdown of Program Costs	
Vehicle Program Costs	[redacted]
Prototype Vehicle Costs	
Design and Engineering Labor Costs	
Development & Testing Costs	
Plant, Production Tooling & Equipment Costs	
Engineering Departmental Costs	
Internal Departmental Support Costs	
Administration Departmental Costs	
Human Resource Departmental Costs	
Finance Departmental Costs (less interest and depreciatio	
Marketing & Sales Departmental Costs	
Information Technology Departmental Costs	
Purchasing Departmental Costs	
Operations Departmental Costs	
Interest on Federal Loan	
TOTAL PROGRAM COSTS	

Figure 1: Program Cost*

* Paragraphs or Figures marked with an asterisk contains proprietary information that Bright Automotive™ requests not be released to persons outside the Government, except for purposes of review and evaluation.

Overview of the Spreadsheet

The included spreadsheet (Bright Automotive Operating Plan September 2009 Re-submission Final.xls) provides the detailed financial information for the entire program and is divided into 13 tabs:

- The Program Summary tab consolidates the 11 tabs to show the total program cash commitment of [redacted]
- The Vehicle Program Cost tab provides the details on the design, development, tooling and launch expenses for the vehicle.
- The remaining 10 tabs provide the details on the departmental spending for each functional department of Bright Automotive.

Program Summary (1st tab): This tab contains the following sections (Figure 18):

- Employees (Row 8) define the ramp-up to 194 Bright Automotive employees leading to the product launch in 42 months. After the launch date the employees are covered by the company's operational costs rather than the vehicle program costs.
- Sales projections (rows 12-14): defines the projections for revenues from the sale or lease of vehicles through the end of the 42 month program. Revenues from leasing a small number of the "Verification Prototype" (VP) vehicles prior to the production launch are included in these numbers (row 13).
- SG&A (Sales, General and Administrative Costs) (rows 16-31): defines the [redacted] required to operate the functional departments along with th[redacted] of interest payments which totals [redacted] through the launch of the product. This is a summary of the fourth through tenth tabs of the spreadsheet.*
- ED&D (Engineering, Design & Development) (rows 33-37): defines [redacted] required to design, develop, tool, and launch the product. This is a summary of the Engineering tab (3rd tab) and the Image Program Cost tab (2nd tab).*

3	Program Summary		Re-started Program Total
			TOTAL
4			[redacted]
5			
6			
7	Number of Employees		
8	Total Headcount		
9			
10	Financial Projections		
11			
12	Units Sold		
13	Sales of VP (in Millions)		
14	Production Sales (in Millions)		
15			
16	SG&A		
17	Administration	- Salary & benefits	
18		-Operational	
19	Human Resources	- Salary & benefits	
20		- Operational	
21	Finance	- Salary & Benefits	
22		-Operational	
23	Mktg & Sales	- Salary & Benefits	
24		- Operational	
25	IT	- Salary & Benefits	
26		- Operational	
27	Purchasing	- Salary & Benefits	
28		- Operational	
29	Operations	- Salary & Benefits	
30		- Operational	
31	Total SG&A		
32			
33	ED&D		
34	Engineering & Design	- Salary & Benef	
35		- Operational	
36	Vehicle Program Cost		
37	Total ED&D		
38			
39	Pay down of Principle on Notes Payabl		
40			
41	Cash Commitment (In Thousands)		
42			
43	Program Cash Burn (in Millions)		
44	Program Cash Available (in Millions)		
45	Net Cash On Hand (in Millions)		
46			
47	Sources of Cash		
48	Investor Funding (in Millions)		
49	Loans (in Millions)		
50	Earmarks (in Millions)		
51	Tooling Amortized by Supplier (in Milli		
52	Customer Deposit - Revenue		

Figure 2: Program Summary*

* Paragraphs or Figures marked with an asterisk contains proprietary information that Bright Automotive™ requests not be released to persons outside the Government, except for purposes of review and evaluation.

- Row 41 summarizes the total Cash Commitment for the program o[redacted]
- Rows 43-45 are used by Bright Automotive management to track our cash status on a month-by-month basis.
- Sources of Cash (rows 47-52): shows the various sources of funding for this program. Bright Automotive is requesting[redacted]f the program costs from the ATVM Loan Program, or approximately[redacted]

Vehicle Program Cost (2nd tab): This tab defines the majority of the total program costs. It details th[redacted]illion required to design, develop, tool and launch the vehicle, and contains the following sections (Figure 19):*

- Prototype Vehicles (rows 8-17): a total of 176 prototype vehicles will be required for all of the engineering development, certification testing, and customer prove-out. There are essentially four types of prototype vehicles required for this program:
    - <u>Mule vehicles</u> incorporate new powertrain systems into an existing vehicle platform in order to rapidly iterate on the difficult powertrain system development and testing.
    - A <u>Concept Prototype (CP)</u> is a hand-built look-alike vehicle that is constructed early in the program so that the team can gain valuable early learnings on the design, performance and assembly of the product.
    - <u>Evaluation Prototype (EP)</u> vehicles represent the first major stage of prototype vehicle builds. EP's are built with soft-tooled parts for the body and chassis, and hard-tooled parts for the interior, and are used for development testing including a significant number of impact tests.
    - <u>Verification Prototype (VP)</u> vehicles represent the last major stage of builds prior to the production launch. They are built from 100% production tooling with production assembly processes. Their purpose is to <u>verify</u> that the product design and the manufacturing processes are ready for launch, including final governmental

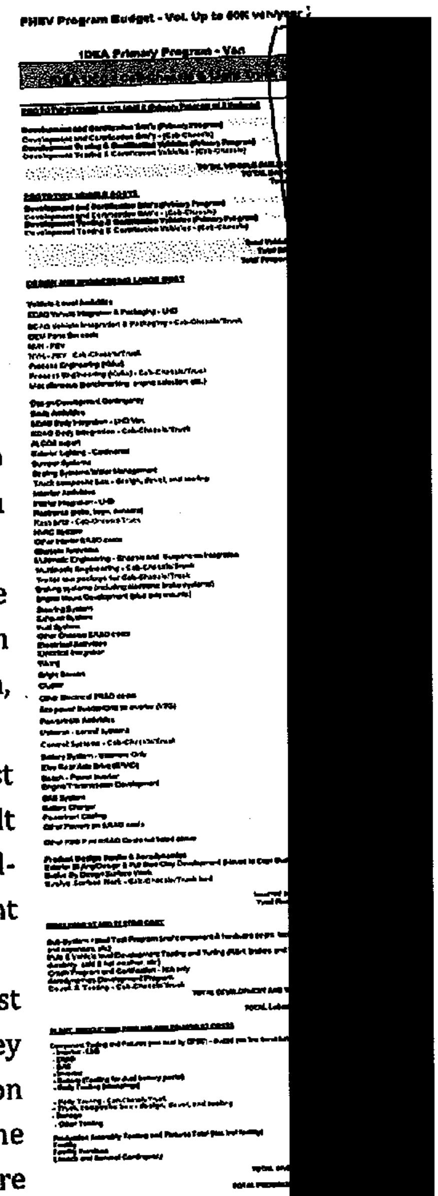

Figure 3: Vehicle Program

* Paragraphs or Figures marked with an asterisk contains proprietary information that Bright Automotive™ requests not be released to persons outside the Government, except for purposes of review and evaluation.

certification testing.

- Prototype Vehicle Costs (rows 18-27): details the [redacted] required for development vehicles. This includes [redacted]
- Design and Engineering Labor Cost (rows 29-92): details the [redacted] required to design the vehicle and test the major systems. [redacted]
- Development and Testing Cost (rows 94-101): lists the [redacted] million required for full-vehicle testing including vehicle dynamics, durability, and impact testing.*
- Plant, Production Tooling and Equipment Costs (rows 105-125): details the [redacted] million required to provide all of the production tooling for both the vehicle parts and the vehicle assembly equipment.

Engineering (3rd tab): This tab lists the [redacted] for the Product Development organization, [redacted]

Administration (4th tab): This tab defines the [redacted] required for the administration and services for Bright Automotive. Included in this section are the [redacted]

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Human Resources (5th tab): This tab details the [redacted] required for the Human Resources department.*

Finance (6th tab): This tab defines the [redacted] budgeted for the Finance department. The vast majority of this total is the [redacted] planned for Bank Charges and Interest (row 129).*

Marketing & Sales (7th tab): This tab shows the [redacted] required for the Marketing and Sales department.*

IT (Information Technology) (8th tab): This tab defines the [redacted] required for information technology [redacted]ajority of this total is the [redacted] required for an [redacted]ystem. [redacted]

Purchasing (9th tab): This tab lists the [redacted] required to run the Purchasing organization.*

Operations (10th tab): This tab defines the [redacted] required for manufacturing support personnel throughout the product development effort. *

Methodology

This program budget was developed by a group of automotive industry experts over a period of over 2 years:

- The original program budget was developed by the personnel at the Rocky Mountain Institute through a series of workshops with automotive industry experts.
- When Bright Automotive was formed in January of 2008, the team began the task of maintaining and revising the program budget. The Bright Automotive team is comprised of over 20 people with an accumulated 400 years of automotive experience from OEM's (GM, Chrysler), Tier 1 suppliers (Delphi, Takata, ZF, Remy and Eaton), and industry consultants (Rocky Mountain Institute).

- The team has refined and validated this spreadsheet through a series of multi-day workshops which included the Bright Automotive team, key suppliers, and other industry experts.
- The Bright Vehicle Program Costs have been validated by major system suppliers (EDAG, JCI, Multimatic, Alcoa, ASI and Mototron). A key vehicle integration supplier (EDAG) has experienced a number of similar start-up automotive programs and has validated that the program budget is typical and reasonable.

Financial Plan

Liabilities to Associated Parties

Bright Automotive, Inc. was legally formed on September 28, 2007 and began operations on January 1, 2008, and capitalized through a combination of (1) individual and (4) institutional shareholders with an initial cash investment of $6 million of cash and (2) institutional shareholders contributing $2 million of "in kind" activity. [redacted]

Overall Financial Plan

The program financial spreadsheets (Bright Automotive Operating Plan September 2009 Re-submission Final.xls) and (Program Financial Statements September 2009 Re-submission Final.xls) are included in the Bright Automotive data warehouse and are described below. The operating plan illustrates the cost of integrating and optimizing current technology into a newly-developed, ground-up, lightweight vehicle platform. This spreadsheet itemizes the cost as follows:

The Operating Plan Program Summary tab, the second tab in the file, consolidates the following 9 tabs to show the total program cash commitment of $418.5 million; see

Program Summary	Program Year 1	Program Year 2	Program Year 3	Program Year 4	Total
Number of Employees	[redacted]				
Total Headcount					
Financial Projections					
Units Sold					
Sales of VP (In Millions)					
Production Sales (In Millions)					
Total SG&A					
ED & D					
Engineering & Design - Salary & Benefits					
- Operational					
Vehicle Program Cost					
Total ED & D					
Cash Commitment (In Thousands)					

Figure 4 for a annual summary of this tab.*

Program Summary	Program Year 1	Program Year 2	Program Year 3	Program Year 4	Total
Number of Employees	[redacted]				
Total Headcount					
Financial Projections					
Units Sold					
Sales of VP (In Millions)					
Production Sales (In Millions)					
Total SG&A					
ED & D					
Engineering & Design - Salary & Benefits					
- Operational					
Vehicle Program Cost					
Total ED & D					
Cash Commitment (In Thousands)					

Figure 4: Total Program Cash Commitment *

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The sources and uses of these funds are detailed as follows. Figure 5 shows the various sources of program funding. This can be found in the **Drawdown Schedule** tab, first tab of the file at cells R1:W15.

Sources	Year 1	Year 2	Year 3	Year 4	Total
DOE Loan	[redacted]				
Equity					
Customer advances					
State/Local/Other					
Total					
Uses					
Prototypes and Testing					
Engineering and Design					
Plant and Tooling Support					
Cash Reserve / Customer Advances					
Total					
Less Cash On Hand					
Program Costs					

Figure 5: Sources and Uses of Cash *

A more detailed list of funding sources is included below:

- Bright Automotive, Inc is requesting approximately [redacted] of the program costs for [redacted], for this ATVM Loan Program.
- Equity investment into the project of [redacted]
- Pre-sale customer deposits of [redacted]
- State and local incentive packages totaling [redacted]

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The Financial Statements (Program Financial Statements September 2009 Re-submission Final.xls) spreadsheet illustrates the Bright Automotive production program plan with loan repayment plans described below.

Overview of the Spreadsheet:

The spreadsheet provides the detailed financial information for the production program and is divided into 21 tabs:

- The **Financial Statement (FS) Summary** tab provides a snapshot of the Income Statement and Balance Sheet for Program Year 1 to Program Year 11.
- The **Income Statement (IS)** tab provides Revenues, Cost of Goods Sold, Gross Margin, EBITDA (Earnings Before Interest, Tax, Depreciation & Amortization), and Income Before Taxes for Program Year 1 to Program Year 11.
- The **Balance Sheet (BS)** tab summarizes the Assets, Liabilities and Equity for Program Year 1 to Program Year 11. Rows 39 (current portion) and 43 (long term portion) represent the total loan balance and in Program Year 11 the balance is projected to be zero indicating the ATVMLP loan is fully paid back.
- The **Cash Flow (CF)** tab shows the sources and uses of cash along with the company intent to pay the principal portion of the loan in a straight line method.
- The remaining 17 tabs include reference information supporting the main financial documents. Note that the key assumptions for this financial analysis are documented in the "Notes" tab.

Financial Statement (FS) Summary: This tab contains two sections:

- A simplified Income Statement (Figure 6) summarizing the Revenues, Cost of Goods Sold, Gross Profit, Expenses, and Pretax Income. By Program Year 5[redacted]
- A simplified Balance Sheet (Figure 7) summarizing the Assets, Liabilities, and Equity. The Owner's Equity for this program grows to [redacted] by Program Year 11.*

BRIGHT AUTOMOTIVE™
Financial Statement Summary
For the years ended December 31
(000's)

Income Statement Summary

(all $ in 1000s)	Program Year 1	Program Year 2	Program Year 3	Program Year 4	Program Year 5	Program Year 6	Program Year 7	Program Year 8	Program Year 9	Program Year 10	Program Year 11
Sales (Unit Volume)	[redacted]										
Revenue											
Cost of Goods Sold											
Gross Profit											
Selling Expenses											
G&A Expense											
Design Engineering											
Other Income											
Interest Expense											
Depreciation											
Pretax Income											
Federal and State Tax											
Net Income											

Figure 6: Income Statement *

BRIGHT AUTOMOTIVE™
Financial Statement Summary
For the years ended December 31
(000's)

Income Statement Summary

(all $ in 1000s)	Program Year 1	Program Year 2	Program Year 3	Program Year 4	Program Year 5	Program Year 6	Program Year 7	Program Year 8	Program Year 9	Program Year 10	Program Year 11
Balance Sheet Summary	[redacted]										
Cash											
Other Current Assets											
Other Assets											
Fixed Assets, net											
Total Assets											
Current Liabilities											
Long Term Debt											
Owners' Equity											
Current Earnings											
Total Liabilities and Equity											

Figure 7: Balance Sheet *

A combined view of the development years (Program Year 1 - Program Year 4) and the production years (Program Year 4 - Program Year 11) is shown in Figure 8.

BRIGHT AUTOMOTIVE™
Financial Statement Summary
For the years ended December 31
(000's)

Income Statement Summary (all $ in 1000s)	Program Year 1	Program Year 2	Program Year 3	Program Year 4	Program Year 5	Program Year 6	Program Year 7	Program Year 8	Program Year 9	Program Year 10	Program Year 11
Sales (Unit Volume)	[redacted]										
Revenue											
Cost of Goods Sold											
Gross Profit											
Selling Expenses											
G&A Expense											
Design Engineering											
Other Income											
Interest Expense											
Depreciation											
Pretax Income											
Federal and State Tax											
Net Income											
EBITDA											
Balance Sheet Summary											
Cash											
Other Current Assets											
Other Assets											
Fixed Assets, net											
Total Assets											
Current Liabilities											
Long Term Debt											
Owners' Equity											
Current Earnings											
Total Liabilities and Equity											

Figure 8: Combined Project Financial Statement *

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Income Statement (IS) (2nd tab): This is a standard Income Statement (**Error! Reference source not found.**Figure 25) that highlights Bright Automotive's impressive business plan:

- Annual unit sales o[redacted]vehicles per year starting in Program Year 8
- Sales Revenues of[redacted]per year*
- Gross margins that averag[redacted]
- An EBITDA of [redacted] in Program Year 8*
- Pretax Income o[redacted]in Program Year 8*

BRIGHT AUTOMOTIVE™
Income Statement
For the years ended December 31

	Total for Program Year 1	Total for Program Year 2	Total for Program Year 3	Total for Program Year 4	Total for Program Year 5	Total for Program Year 6	Total for Program Year 7	Total for Program Year 8	Total for Program Year 9	Total for Program Year 10	Total for Program Year 11
Annual Unit Sales	[redacted]										
Sales Revenue											
Cost of Goods Sold											
Material Cost											
Labor											
Overhead											
Total COGS											
Gross Profit											
Selling Expenses											
Fixed Selling											
Compensation & Benefits											
Recruiting & Training Costs											
Call Center											
Vehicle Leases											
Travel & Entertainment											
Variable Selling											
Advertising											
Literature											
Trade Shows											
Displays											
Consulting & Other											
Total Selling Expense											
General & Administrative Expense											
Salary & Benefits											
Development Milestone Bonuses											
Recruiting & Training Costs											
Travel & Entertainment											
Telephone											
Information Systems											
Legal Fees											
Accounting Fees											
Bad Debt Expense											
Utilities											
Lease including utilities											
Property Taxes											
Insurance											
Bank Fees											
Amortization											
Office Supplies											
Other											
Postage & Shipping											
Total G&A Expense											
Design Engineering											
Compensation & Benefits											
Travel & Entertainment											
Vehicle Development											
Materials Samples											
Lab Expenses											
Recruiting & Training Costs											
Other											
Total Design Engineering											
Net Other (Income)											
EBITDA											
Unit Price cost (Production Plant level											
Burdened Cost per Unit before Taxes,											
Interest and Depreciation Expense											
Depreciation - Plant Overhead											
Depreciation - SG&A											
Interest Expense											
Total Interest and Depreciation											
Pretax Income											
All-in Cost per Unit before Taxes											
Taxes											
Less Carry F											
Total Tax											
Net Income After Tax											

Figure 95: Income Statement *

* **Paragraphs or Figures marked with an asterisk contains proprietary information that Bright Automotive™ requests not be released to persons outside the Government, except for purposes of review and evaluation.**

Balance Sheet (BS) (3rd tab): Standard Balance Sheet (Figure 10). The loan balance of both the Current Portion and Long Term Portion are zero in Program Year 11.

BRIGHT AUTOMOTIVE™
Balance Sheet
At December 31

	Total for Program Year 1	Total for Program Year 2	Total for Program Year 3	Total for Program Year 4	Total for Program Year 5	Total for Program Year 6	Total for Program Year 7	Total for Program Year 8	Total for Program Year 9	Total for Program Year 10	Total for Program Year 11
Assets	[redacted]										
Current Assets											
Cash											
Accounts Receivable (Terms Net 15)											
Inventory (5 days on hand, RM & FG											
Prepaid Expenses											
Total Current Assets											
Other Assets											
Organizational Costs, net											
Intangible											
Deposits - Fed Earmarks											
Accumulated Amortization											
Total Other Assets											
Fixed Assets											
Leasehold Imp/Building											
Machinery, Tooling & Equipment											
Computer Hardware/Software											
Furniture/Equipment											
Accumulated Depreciation											
Total Long Term Assets											
Total Assets											
Liabilities											
Current Liabilities											
Accounts Payable											
Owners' Distribution Payable											
Accrued Liabilities											
Interest Payable											
Current Portion of LTD											
Customer Deposits											
Total Current Liab.											
Notes Payable (Long Term Portion)											
Equity											
Convertible Shareholder notes											
Convertible Interest Payable											
Total Convertible Equity											
Common units											
Series A											
Other Contributed											
Owners' Distribution											
Retained Earnings											
Net Income											
Total Equity											
Total Liabilities and Equity											

Figure 10: Balance Sheet*

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Cash Flow (CF) (4th tab): Standard Cash Flow analysis (Figure 11). Repayment of the Loan Principal is based upon a straight line method.

BRIGHT AUTOMOTIVE™
Statement of Cash Flows
For the years ended December 31

	Total for Program Year 1	Total for Program Year 2	Total for Program Year 3	Total for Program Year 4	Total for Program Year 5	Total for Program Year 6	Total for Program Year 7	Total for Program Year 8	Total for Program Year 9	Total for Program Year 10	Total for Program Year 11
Cash Flows From Operating Activities	[redacted]										
Net income											
Depreciation											
Amortization											
Accounts receivable (increase)/decrease											
Inventory (increase)/decrease											
Prepaids (increase)/decrease											
Accounts payable increase/(decrease)											
Accrued liabilities increase/(decrease)											
Interest payable increase/(decrease)											
Customer Deposits increase/(decrease)											
Non-cash Equity Compensation											
Net cash provided (used) by operating activ											
Cash Flows From Investing Activities											
Purchase of fixed assets											
Purchase of intangible assets											
Net cash provided (used) by investing activi											
Cash Flows From Financing Activities											
Issuance (repayment) of long-term debt (inc											
Partners' contribution (distribution)											
Other Contribution											
Net cash provided (used) by financing activi											
Net Increase (Decrease) in Cash											
Cash, beginning of period											
Cash, end of period											

Figure 11: Cash Flow Analysis *

Supporting Documents (5th through 21st tabs): These tabs provide significant detail developing the basis of tabs 1 through 4 highlighted above.

Range of Revenue

Revenue for our program is driven by the combination of [redacted] The Manufacturer's Suggested Retail Price (MSRP) for our vehicle is currently [redacted] We [redacted] We have prepared our "Base Case" Business Plan with the assumption of an average [redacted] *

Our "Base Case" volume assumption is [redacted] per year in a market of annual sales approximating [redacted] vehicles per year. We estimate our "Downside" volume to be [redacted] units per year. We have used the maximum efficient capacity of our plant, or [redacted] units, for the "Upside" case. Figure 12, Range of Revenue Matrix, summarizes these scenarios. *

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