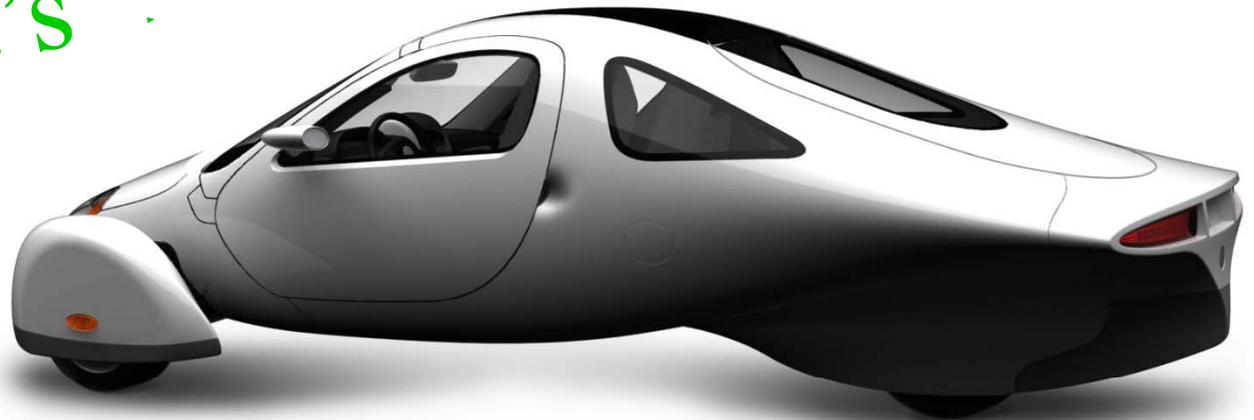




California Energy Commission
Electric Drive Vehicles Workshop
September 9, 2009

*Real solutions
for California's*



Confidential



Innovation Required

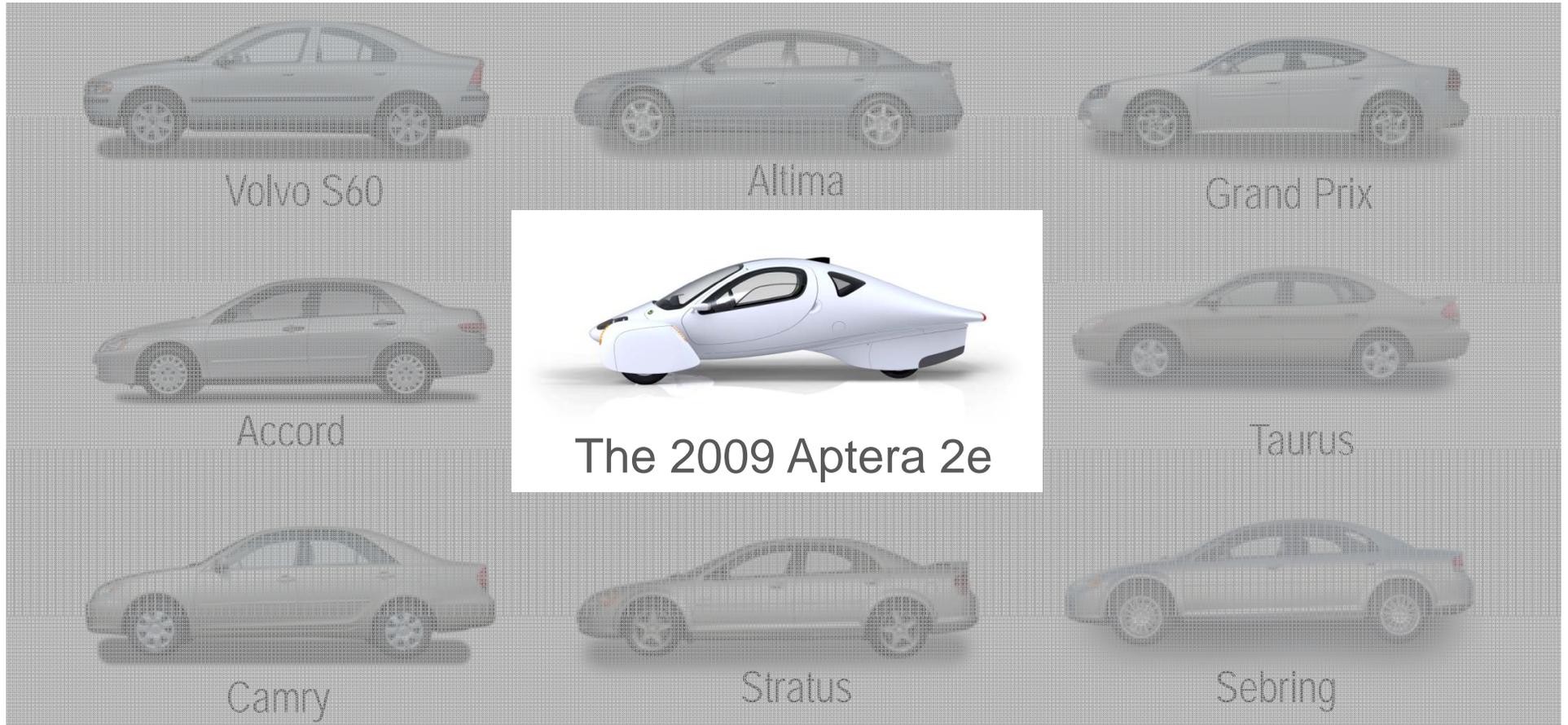
With 100 years of automotive history, today's sedans achieve approximately the same mpg as the Model T!



Can the Auto Industry Be Innovative?



Aptera is Innovative

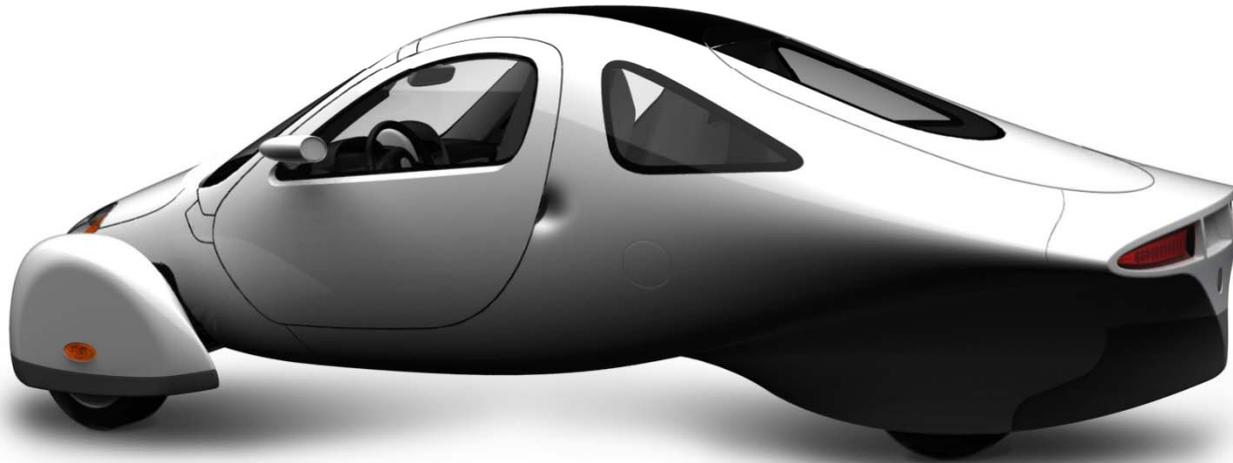


Aptera: Achieving revolutionary levels of transportation efficiency!



Aptera 2e – First Product

Establishes the vision: pure and purposeful



AFFORDABLE too !

\$25,000 to low \$40,000's

Aptera 2e basics:

- 2e = 2 passenger / electric powered
- 100 miles per charge – “real world” (2 people/cargo/accessories/highway speed)
- 200+ mpge
- <\$.02/mile operating cost (v. \$.07 per mile w/Prius or \$0.12 for typical sedan)
- 0-60 mph < 9 seconds
- 8 to 10 hour re-charge on 110V outlet



Aptera 2e Market Position

- ✓ Highly efficient commuter vehicle
 - Fully highway capable with top speed of 90 mph
 - Range of 100 miles per charge
 - With 2 adult passengers, over 200+ lbs of cargo, electrical accessories on and freeway driving
 - More than sufficient for avg. American daily driving of 39 miles
 - Fully enclosed with cargo storage and typical auto amenities
- ✓ Affordably priced for mass-market
 - Individual consumers and corporate / governmental fleets
- ✓ Recharges overnight on traditional 110 volt outlet
 - No special infrastructure required for consumer to recharge
- ✓ Most efficient vehicle available with 200+ mpge



Environmental Impact



Aptera 2e emits no greenhouse gases

- Typical passenger vehicle emits 4.7 metric tons of CO₂ / year
- 10,000 Aptera 2e's on the road will reduce CO₂ emissions by 47,000 metric tons / year



Aptera 2e utilizes no gasoline

- Supports US energy independence goals
 - Also no oil on-board vehicle, only wiper and brake fluid
- Charges with existing in-home infrastructure (110 volt/15 amp)



Aptera 2e incorporates many recycled materials

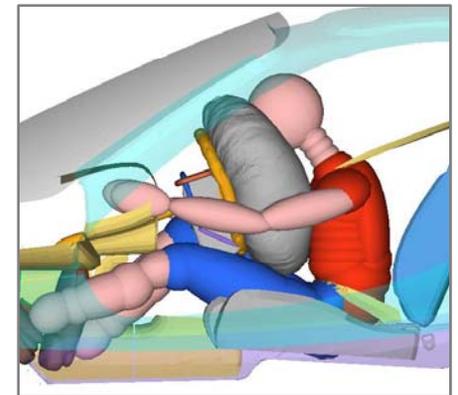
- Carpet, headliner, seat trim and other fabrics are post-consumer materials – approximately 500 soda bottles worth
- Seeking to implement end of life battery recycling program
 - Batteries could be used by energy companies to store energy generated by solar, wind or other sources



Aptera Safety Features

Aptera vehicles have a full complement of safety features including:

1. Body made of 10 light weight, but very strong composite parts
2. “Dentless” body – you can hit it with a 5-pound sledge hammer without denting it!
3. Body construction includes Aptera’s integrated safety cage
4. High Static Stability Factor is extremely high* (higher than almost every other vehicle)...meaning that it is very stable
5. Low-speed damage-resistant bumpers
6. Front and rear crush cradle
7. Door impact beams
8. Aluminum cross-car beam inside instrument panel
9. 4 airbags (driver and passenger, front and side)
10. Pre-tensioning seat belts
11. Eyes forward rearview camera (optional equipment)



*based on internal calculation using NHTSA methodology



\$100+ Million Sales Backlog!

Aptera 2e coming to market in California in early 2010

- ✓ 3,600 California orders !!
- ✓ 60,000+ subscribers nationwide!!





Aptera's California Presence

- ✓ Aptera is headquartered in Vista, California
- ✓ Current employment approaching 75
- ✓ Volume production in early 2010
 - Vehicles will be assembled in Vista
 - Initial sales exclusively in California, then roll-out nationwide
- ✓ Employment expected to grow to:
 - Nearly 200 in 2010 and growing exponentially with sales growth to more than 2,600 in 2013
- ✓ Capital investment > \$20 million in next 12 months
- ✓ Enterprise extensions in sales and key supplier base creates potential for additional CA employment



Regulatory environment

Aptera's business plan supports a number of local, state and federal government initiatives

- ✓ Providing alternate energy transportation to the mass-market at an affordable price point
 - Reduces CO2 impact of personal transportation
 - Reduces dependency on foreign oil
- ✓ Creation of California employment opportunities
- ✓ Capital investment in California

“President-elect Barack Obama is now the [electric vehicle] industry’s highest ranking advocate. He’s said he wants to see one million plug-in vehicles by 2015, As part of his broader goal to end U.S. dependence on Mideast oil.”

✓ --Joseph B. White, *Wall Street Journal*, December 8, 2008



Consumer Incentives

Numerous incentives for consumers to purchase EV's:

- ✓ Federal tax credits available for purchase of plug-in hybrid electric vehicles
 - \$7,500 max for four-wheeled vehicle
 - \$2,500 max for three-wheeled vehicle
- ✓ California state cash rebate (available through ARB) for purchase of zero emission vehicles
 - \$5,000 max for four-wheeled vehicle
 - \$1,500 max for three-wheeled vehicle
- ✓ 37 states (including California) offer some type of incentive
 - Sales tax exemption / partial exemption
 - Tax credit



Manufacturing Incentives

- ✓ Federal funds have been deployed to support limited aspects of advanced vehicle manufacturing:
 - Re-tooling vehicle manufacturing facilities in the US
 - Battery development and manufacturing
- ✓ No state or federal funds have been deployed for advanced vehicle development
- ✓ No state or federal funds have been deployed for manufacturing of advanced 2/3 wheeled vehicles
 - Excluded from federal manufacturing program



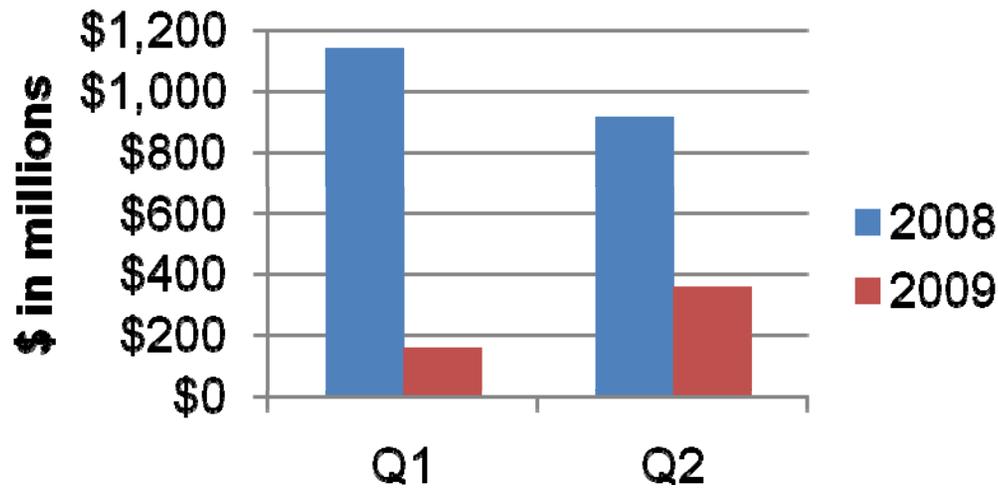
Incentive Gaps

- ✓ Major gaps exist in current advanced vehicle incentive structure:
 - Incentives available at component level (i.e., batteries)
 - Incentives available at consumer level
 - Incentives available for manufacturing scale-up
 - No incentives for advanced vehicle development including:
 - Advanced vehicle R&D
 - Advanced vehicle engineering design
 - Advanced vehicle testing (durability, safety, certification, etc.)
 - No incentives **at all** for advanced 2/3 wheelers!
 - No incentives for advanced 2/3 wheeler development
 - No incentives for advanced 2/3 wheeler manufacturing



Capital Constrained

- ✓ New developments in transportation are essential to improving air quality and minimizing environmental impact
- ✓ Economic downturn has constrained conventional sources of capital for innovation and development
 - Particularly for capital-intensive businesses like transportation
- ✓ Private investors, often VC's, typically fund innovation
 - VC investment in “Clean-tech” dramatically declined in 2009





Technology Pipeline

- ✓ Without access to capital, new vehicle technologies may not make it from concept to commercialization
 - Incumbents are cash constrained due to dramatically reduced sales
 - High capital requirement is a barrier for new market entrants
- ✓ CEC has the opportunity to play a critical role in spurring transportation innovation in California
- ✓ CEC funding for advanced vehicles can have significant impact
 - Attracting additional private investment
 - Fostering economic development in California
 - Creating employment opportunities
 - Increasing capital investment
 - Producing vehicles that reduce environmental impact



Potential Program Construct

- ✓ CEC could utilize AB 118 funds to make grants, loans or loan guarantees for advanced vehicle development (including 2/3 wheelers) and manufacturing in California
 - Grants most effective for earlier stage companies
 - Loan guarantees allow CEC to stretch funding the furthest

- ✓ Access to capital will help stimulate rapid flow of advanced vehicles to the market in California
 - Strong consumer demand for environmentally friendly transportation options
 - Supports achievement of air quality goals



Advanced 2/3 Wheelers Enable AB 118 Success

- ✓ Aptera and other manufacturers of advanced 2/3 wheel vehicles share CEC objective of improving CA air quality
- ✓ We believe that advanced 2/3 wheel vehicles have an important role to play in helping the AB 118 program succeed as they are:
 - In the market now with more coming soon
 - Some of the most efficient vehicles available
 - Freeway capable (many, not all)
 - Affordable to more consumers
- ✓ AB 118 funding could be a very meaningful stimulant for job creation and capital investment in California

