Mary Nichols, Chairman

California Air Resource Board

1001 “I” Street

P.O. Box 2815

Sacramento, CA 95812

December 12 , 2011

Subject: **ZEV Credits for Vision Motor Corp’s Zero-Emission Heavy-Duty Trucks**

Chairman Nichols;

I am writing you to request that Vision Motor Corp’s (Vision) hydrogen fuel cell / electric hybrid heavy-duty class 8 truck, the Tyrano™, become eligible (upon sale in California) to earn **Zero-Emission Vehicle (ZEV) Credits**. Our request, we believe, is in keeping with the Air Resource Board’s goal of meeting California’s air quality and greenhouse gas (GHG) reduction targets. Further, we strongly believe that allowing heavy-duty vehicles the ability to earn ZEV Credits will serve as a financial catalyst that will help speed the early market introduction of zero emission heavy duty trucks in California. Vision has complied with the request from CARB staff, to ascertain the interest level of vehicle manufactures to purchase ZEV Credits from Vision. To date we have received a Letter of Interest from Toyota and are in serious discussions with another vehicle OEM, who at this time, request their identity not be disclosed.

**Our Credentials for the ZEV Program**

Vision Motor Corp (headquartered in El Segundo, CA) builds zero-emission hydrogen fuel cell /electric hybrid powered **Class 8 Trucks** and **Terminal Tractors** used in regional logistical hubs and ports of entry to move containerized cargo. Both models have been recognized by the **U.S. Department of Energy** as “Advanced and Alternative Vehicles”.

On the commercial front, Vision has been awarded contracts from the **Port of Los Angeles** and by the **Port of Long Beach** to deliver a set of Class 8 heavy-duty trucks and terminal tractors for demonstration purposes. Vision has also received a Letter of Intent from a national trucking fleet operator to purchase 100 Class 8 trucks, with an option to purchase an additional 300 units.

**How Vision’s ZEV Credit Conversation began with ARB**

Vision’s conversation with ARB began at a January 2011 meeting with a staff meeting led by Tom Cackette. At that time, we had expressed our interest for inclusion into the current ZEV Program or to explore the possibility of creating a separate program for Class 8 vehicles. Mr. Cackette was then of the opinion that the easiest route for Vision would be inclusion into the current program. He suggested, that the first step for Vision Motor Corp would be to ascertain the interest level of vehicle manufactures to purchase ZEV credits from Vision Motor Corp.

**Tier-1 Vehicle Manufactures Willing to Purchase ZEV Credits from Vision**

As stated in the opening paragraph of this letter, we have received a Letter of Interest from Toyota and are in serious discussions with another vehicle OEM, who at this time request their identity not be disclosed. Discussions have started with other vehicle manufactures that have also shown an interest.

**How Vision’s Transportation Solution Over-delivers on CARB’s Zero-Emission Program**

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| **Value Proposition 1:** | **Air quality impact to California trucking corridors** |
|  | In both of our heavy-vehicle offerings, Vision deploys a dual-power train (energy source) configuration of hydrogen-fuel cells and Lithium-ion batteries to power an electric motor. This electric motor out-performs the traditional diesel-powered internal combustion engine and does so with a zero-emission footprint. |
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|  | Replacing one (1) diesel-powered big rig with a Vision Class 8 truck has the air quality benefits of removing the tailpipe emissions created by 64 passenger vehicles. |
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|  | On that basis, we are also asking that credits that would be earned by the sale of our Tyrano™ heavy-duty truck be of larger value than those of a passenger vehicle manufacturer, based on the greater emissions reductions. |
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| **Value Proposition 2:** | **Economic impact to a burgeoning clean tech transportation industry and to Vision Motor Corp** |
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|  | ZEV Credits equals increase gross margins and concept validation.  **Ability to improve gross margins**  Within documents filed this summer with the Securities & Exchange Commission, Tesla Motors has disclosed that it has sold over $13.8 MM of ZEV credits to Honda Motor Co (USA). With this additional revenue source, Tesla Motors was able to improve their gross margins from 2008 through 2011 and gain a $1.4B Wall Street valuation.  In June 29, 2011, Tesla Motors proceeded to raise $266MM in an initial-public offering.  **Ability to borrow from the Federal Government**  In the same timeframe, Tesla Motors was able to borrow $465MM from the Department of Energy to fund the development of their 2nd generation concept car, the Model S.  Vision Motor Corp believes that it can follow the same trajectory as Tesla  Motors. In doing so, Vision has the potential to modernize the drayage trucking industry by replacing diesel-powered trucks with a zero-emission transportation solution.  As a result, the ARB and citizens of California win! |

In summary, we urge the California Air Resource Board to allow Vision Motor Corp’s zero emission heavy-duty class 8 truck Tyrano™ to become eligible to earn credits under the ZEV Credit program on the following merits:

1. Vision has complied with the request from CARB staff, to ascertain the interest level of vehicle manufactures to purchase ZEV Credits from Vision, (in the event our vehicles become eligible to earn credits). To date we have received a Letter of Interest from Toyota and are in serious discussions with another vehicle OEM, who at this time request their identity not be disclosed.
2. The potential air quality benefits to California. Replacing a single diesel truck with Vision’s zero-emission Class 8 truck has the effect of removing the harmful tailpipe emissions emitted by 64 passenger vehicles from the road.
3. Help spur technology and market development of zero emission heavy-duty vehicles.
4. Attaining ZEV Credit status would have a huge economic impact to Vision and to the zero-emission trucking effort, both locally and state-wide. The ability to book ZEV credit revenue increases Vision’s gross margins. This in turn, leads to a higher valuation and becomes an essential component when accessing capital markets.   
     
    Access to capital markets is crucial to scaling our business and in establishing a clean tech transportation industry.

Thank you for your time and consideration.

Best regards,

Rudy Tapia

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