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March 7, 2012 8:00 PM EST

New York	London	Tokyo	DOW	+78.18	NASDAQ	+25.37	S&P 500	+9.27
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Carbon Motors Announces That ATVM Loan Caught in DOE Political Crossfire

States Decision Not to Proceed with ATVM Loan is a Failure of Leadership



CONNERSVILLE, Ind., Mar 07, 2012 (BUSINESS WIRE) -- --Company Exploring Strategic and Financing Alternatives

Today Carbon Motors Corporation, a homeland security technology company, announced that the U.S. Department of Energy (DOE) has indicated that it will not proceed with Carbon's \$310 million application for a direct loan under the Advanced Technology Vehicle Manufacturing (ATVM) program. The ATVM program was established during the Bush administration and continued under the Obama administration.

"We are outraged by the actions of the DOE and it is clear that this was a political decision in a highly-charged, election year environment. Since Solyndra became politicized last fall, the DOE has failed to make any other loans under the ATVM program, has pulled back one loan that it previously committed and, as of this month, the DOE has pushed aside the three remaining viable loans under active consideration," said William Santana Li, chairman and chief executive officer, Carbon Motors Corporation. "Each of these applicants has been caught for several years in a costly and extensive DOE due diligence process. Carbon Motors simply appears to be the last victim of this political gamesmanship. In failing to deploy the tax dollars that Congress allocated for the creation of advanced technology manufacturing jobs in the U.S., the DOE ATVM program represents a glaring failure of the Obama Administration to create jobs that are clearly within its power to create," commented Li.

General Motors, Chrysler, Next Auto, Apera, Bright Automotive and Carbon Motors all suffered through the horrendous DOE process that ended in nothing but a vote against the American worker. It clearly indicates an irrational pattern of rejecting or forcing withdrawals of viable applications of all sizes, both from established companies and promising manufacturing start-ups, according to Li.

"Similar to the experiences of other applicants, we spent over 30 months responding to every request made of us by the DOE -- many of which were at best challenging and at worst, unnatural," said Li. "During the past year we were in almost daily contact with the DOE staff and were neither advised that our application was coming up short in any way, nor told that there was anything we would need to do in order to finalize the loan that we did not satisfy. On the contrary, up until we were told the DOE would no longer work on our application, we had been assured that it was a top priority for the DOE and encouraged to continue with the multi-million dollar due diligence and negotiation process. Our experience, when viewed in light of the situation with other applicants, makes it hard to conclude that this action is anything other than a political decision to avoid further scrutiny of the ATVM loan program and of DOE officials," described Li.

The Company noted that in recent months the DOE had gone so far as to send members of its loan monitoring team to meet with Carbon Motors in Indiana, and then subsequently requested a follow-up meeting in Washington DC. The loan monitoring team's role is to monitor DOE loans and work with borrowers after the loan has closed. These professionals do not play a material role in the process until a loan is finalized, which supported the Company's view that the DOE had not identified any material issues with the Carbon business plan that would impede the approval of the loan. In addition, in recent months the DOE staff held several meetings with Carbon's key partners, suppliers, investors and state and local officials and in each case, these parties were left with the impression that a positive decision on the loan was imminent. The Company expected the DOE to negotiate in good faith and, after several years of positive assurances, advise the Company if there were any real substantive issues with the plan that would need to be addressed in order to close the loan. The Company was not given any indication of any substantive issues and instead feels blindsided by government officials that simply failed to exhibit any real leadership in the face of typical election year political mudslinging.

Carbon Motors is developing the world's first and only purpose-built law enforcement patrol vehicle, amid strong interest in its breakthrough "E7" product from law enforcement both domestic and foreign. The Company has received over 20,000 reservations for the "E7" vehicle from over 500 law enforcement agencies spread across all 50 U.S. states, in addition to interest in the product for export received from over 35 foreign law enforcement

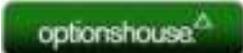
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Retailing Diesel Vehicles that have historically been retrofitted in the aftermarket, with great improvements in areas such as occupant safety, operating cost, mission effectiveness and environmental impact, to mention just a few. "The E7 has been designed to meet all Federal Motor Vehicle Safety Standards with all law enforcement equipment installed, will increase fuel efficiency by up to 40% over the gas-guzzlers used today and, importantly, will satisfy substantially all requirements of the law enforcement mission," said Li.

The Company's product strategy includes a state-of-the-art fuel-efficient clean diesel engine mated to an 8-speed transmission, and has been supported by over 50 world-class development partners and suppliers -- many of whom have had their businesses materially impacted by this failure of leadership by the DOE, according to Li. The ATVM loan, together with the equity and other funding dedicated to the project was to be used to complete the development work on the vehicle in the U.S., as well as the tooling and facility costs necessary to produce the E7.

The Company's plan submitted to the DOE included the creation of over 1,550 direct jobs in Connersville, Indiana, one of the areas hardest hit by the prevailing economic malaise, and approximately 10,000 total direct and indirect jobs throughout the country. "Bureaucrats in Washington may view inaction as the safest bet for them personally, but those who are without jobs today in Connersville and facing a very uncertain future have a very different view. Sadly, many of the people who are now in desperate need of a job in our country's heartland had contributed their hard earned tax dollars to the very fund that the DOE now appears unwilling to distribute to qualified candidates," said Li. The Company noted that the ATVM legislation passed by Congress and the Bush Administration included a loan loss assumption of 30% on the entire portfolio, which is reflective of the fact that there is always some inherent risk in funding a business of any size and new jobs will not be created in a risk-free environment -- that is the essence of "Advanced Technology" reflected in the name of the program.

"Although the DOE's new found focus on protecting taxpayer interest may be a good talking point for the media, in this particular case, it fails to ring true. The highly efficient Carbon E7 vehicle would have had dramatic savings for the U.S. taxpayer and every city, county and state struggling with budget deficits. The DOE's thoughtless decision just cost the U.S. taxpayer over \$10 billion dollars of potential savings," noted Li.

The Company sourced approximately \$200 million of matching funds from a variety of private and state and local government sources, which, together with the ATVM loan, would put into effect one of the Company's stated goals of creating a true public-private partnership. "The truth is, government funds are already being used to pay for law enforcement vehicle substitutes -- many of which function very effectively as retail passenger cars and none of which function well for the unique law enforcement mission," stated Stacy Dean Stephens, co-founder of Carbon Motors Corporation and a former law enforcement officer. "It is a basic role of government to protect its citizens. The Carbon ATVM loan (which would have been paid back with interest) would simply have ensured that the taxpayers were getting their money's worth as law enforcement end users would benefit from using safe and efficient products that actually work well for their mission," Stephens said.

The decision is made even more puzzling when viewed in light of two of President Obama's Executive Orders: one calling for a 30% improvement in fuel efficiency among federal vehicle fleets, and one for coordinating policies on automotive communities and workers recovering from the Great Recession. "These goals are not going to be satisfied by simply wishing them to be -- they require leadership by those in a position to deliver results," noted Stephens. By approving Carbon's ATVM loan, the DOE would have supported both of these Presidential Executive Orders putting 10,000 Americans back to work and reducing the fuel consumption of the 500,000+ law enforcement vehicles by up to 40%. The merits of the loan application were detailed in a letter to the President's Cabinet on December 15, 2011 (click here for letter).

Carbon Motors has received substantial bipartisan political support of its business plan and mission to support the nearly 1 million law enforcement first responders in the U.S. "Our plan cuts across party lines and would have a positive impact on every highway, every street, every city, town, airport, road, port and congressional district. We remain honored to have had received so much support from leaders of all political stripes from around the country," said Li.

The Company is actively examining its strategic and financing alternatives in support of its goal to provide law enforcement first responders with a purpose-built tool suitable for their critical mission.

"Our country was not built by those who stood on the sidelines or by those who hid behind political convenience or by those too scared to lead. Our country was built by relentless entrepreneurs that despite the odds, despite the severity of the challenge, despite the roadblocks and despite the naysayers, rose to the occasion, led where there was no leader, and through innovation turned the impossible into the possible -- no matter how long it took. We will continue the fight. We at Carbon Motors choose this path not because it is

Trading Desk Jobs Corporation

Carbon Motors Corporation is a bold homeland security technology company on a critical mission to design, develop, manufacture, distribute, service, and recycle, the world's first and only portfolio of purpose-built law enforcement patrol vehicles. Learn more at www.carbonmotors.com.

SOURCE: Carbon Motors Corporation

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