

**CALIFORNIA ALTERNATIVE ENERGY AND
ADVANCED TRANSPORTATION FINANCING AUTHORITY**

***Report from Faraday&Future Inc. on Status of Project
Pursuant to Resolution Number 18-SM008***

October 16, 2018

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SUMMARY

On April 17, 2018, the CAEATFA Board approved resolution 18-SM008 approving a sales and use tax exclusion award for Faraday&Future Inc.'s ("Faraday") purchase of up to \$239,234,449 in Qualified Property to upgrade its existing facilities in Compton and Gardena to facilitate research, design, and prototype testing of its first high-performance electric vehicle, the FF91, and construct a facility in Hanford that will manufacture its electric vehicles. The resolution requires Faraday to update the CAEATFA Board in writing and in person every six months for up to three years with regards to the following:

1. Any significant developments in the status of the Project;
2. Progress in meeting its production goals; and
3. Any other matters the Executive Director shall deem appropriate.

Attached is Faraday's first written report pursuant to the resolution.

CAEATFA STE Project Status Update: Faraday&Future Inc. – September 2018

1. FF 91 Production Update

- a. On August 28, 2018, the first pre-production FF 91 model rolled off the line at the company's new manufacturing facility in Hanford, CA.
- b. The company expects to begin full production of the FF 91 in Q4 2018. We intend to complete 4 production-level FF 91s by the end of 2018 and 3,455 in 2019.
- c. The company's Los Angeles HQ currently employs over 1,000 employees. In addition, there are approx. 40 employees working in the company's San Jose office.

2. Hanford Manufacturing Facility Update

- a. The Hanford manufacturing facility covers more than 1 million SQF and has a maximum production capacity of 20,000 vehicles per year.
- b. The facility currently employs approx. 100 individuals and is projected to employ over 1,200 individuals.
- c. We intend to invest over \$250M in the Hanford manufacturing facility. With our other qualified investments in California, we are on pace to exhaust all of our STE allocation prior to conclusion of our 3-year agreement. Since executing our agreement with CAEATFA, we have utilized more than 50 percent of our STE allocation.

3. Supply Chain Update

- a. We partner with global world-class tier 1 suppliers from North America, Europe, and Asia. 99.9% of FF 91 components have been successfully sourced for production.

4. Financial Update

- a. In December 2017, Evergrande Health, a subsidiary of the Chinese conglomerate and real estate giant Evergrande Group, acquired a 45 percent stake in Faraday Future for a total of \$2 billion. The company is applying investment proceeds to, among other things, ongoing research and development activities in Los Angeles as well as manufacturing operations in Hanford.
- b. We have retained the services of a Big 4 accounting firm to review the company's 2017 and 2018 financial statements. An audit of the company's 2016 financial statements has been completed.

5. IP Update

- a. The company has been granted 77 U.S. patents, 49 of which granted within the last year. We continue to file new patent applications on our technology, with 263 patent applications currently pending in the U.S. patent office.
- b. We've been granted 59 patents outside of the U.S. and have 225 foreign patent applications pending.