U.S. DEPARTMENT OF ENERGY

LOAN PROGRAMS OFFICE

November 2014

INVESTING *in* AMERICAN ENERGY

LPO FINANCIAL PERFORMANCE

NOTE FROM THE EXECUTIVE DIRECTOR

The U.S. Department of Energy's Loan Programs Office (LPO) provides the critical financing needed to deploy some of the world's largest and most innovative clean energy and advanced technology vehicle manufacturing projects to date.

Despite its mission to help finance innovation, which carries some degree of financial risk, LPO has maintained strong financial performance, even when compared with private financing of conventional energy projects in the United States. As of September 2014, more than $810 million of interest has already been earned and the estimated loss ratio on LPO's portfolio is approximately 2% of LPO's total commitments.

This strong performance demonstrates our commitment to protecting taxpayer interests while helping deploy the innovative energy technology necessary to make the United States a global leader in clean energy.

Peter W. Davidson
Executive Director

November 2014

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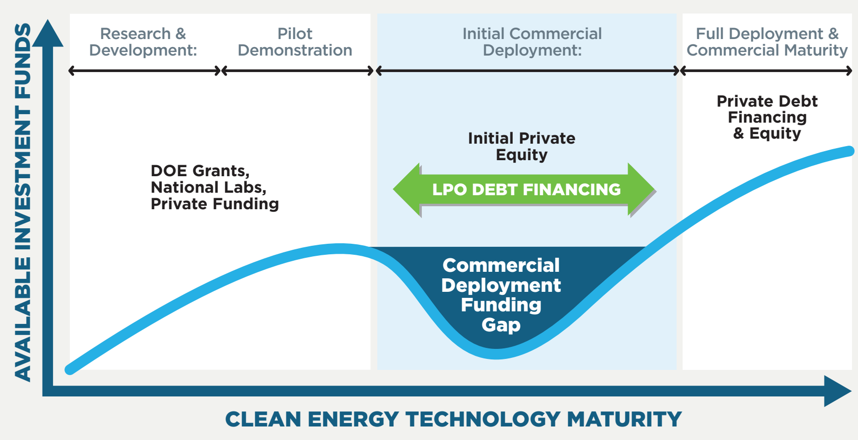
BRIDGING THE GAP



LPO issues loans and loan guarantees to finance deployment of innovative energy projects and advanced technology vehicle manufacturing facilities in the U.S.

BRIDGING THE CLEAN ENERGY FINANCING GAP

LPO issues loans and loan guarantees to finance deployment of innovative energy projects and advanced technology vehicle manufacturing facilities in the United States. These projects and facilities are critical to moving the United States towards a clean energy future where it is a global leader in clean energy technology, which will create economic opportunities and address the threat of climate change.

Commercial banks and bondholders are often unwilling to finance the first few commercial-scale projects that use a new technology since there is not yet a history of credit performance or operation. As a result, the initial commercial deployment of new energy technology is often limited by a project developer's inability to secure sufficient long-term debt financing to build the project.

LPO was established to fill this critical role in the marketplace by financing the first deployments of a new technology to bridge the gap for commercial lenders. Once the technology is proven at commercial scale through the first few projects, the Department of Energy (DOE) stops providing financing and lets the private market take over.

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AN OVERVIEW OF THE LPO PORTFOLIO

LPO works with the private markets to help deploy innovative clean energy technology and advanced technology vehicle manufacturing facilities. Every transaction supported by LPO is a public-private undertaking. While DOE issues loans and loan guarantees to provide the necessary debt financing for these projects, the project sponsor must provide significant project-level equity investments.

Equity invested from private sources must represent at least 20% of the total cost of every project, and usually represents more. DOE will not issue a loan or loan guarantee until substantial private equity support is committed.

LPO manages a portfolio comprising more than $30 billion of loans, loan guarantees, and conditional commitments covering more than 30 projects. These projects include some of the world's most innovative and largest solar, wind, geothermal, biofuel, and nuclear facilities, as well as advanced technology vehicle manufacturing facilities in six states producing some of America's best-selling vehicles. Overall, these loans and loan guarantees have resulted in more than $50 billion in total project investment.

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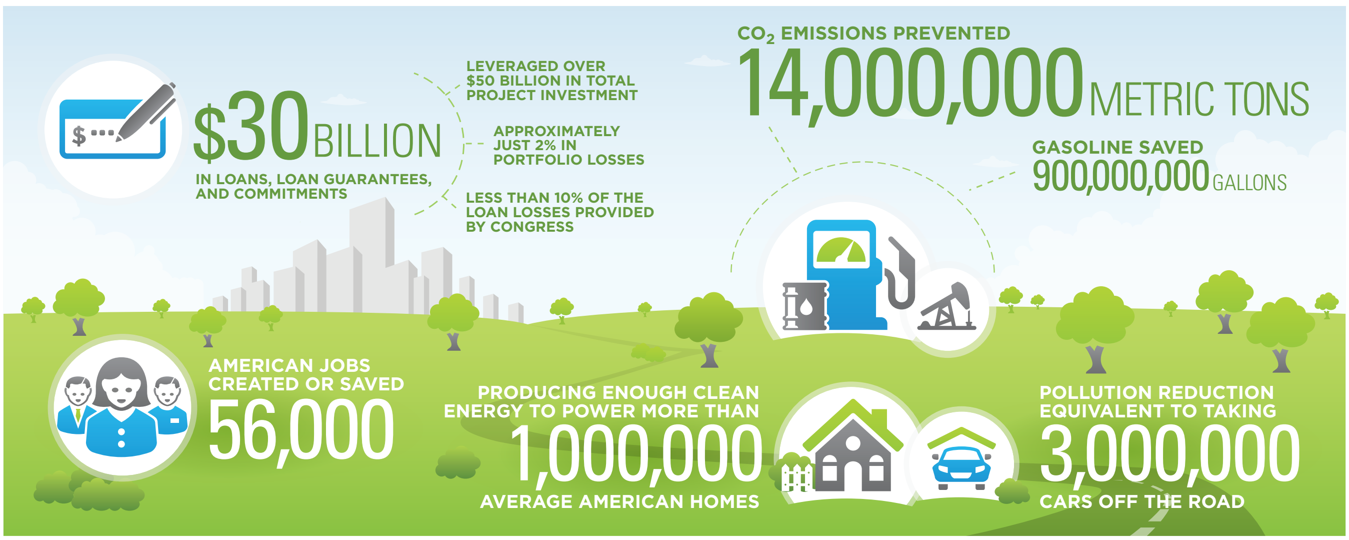
LPO INVESTMENTS



Today, 20 projects supported by LPO are operational and generating revenue. These projects currently produce enough clean energy to power more than 1 million American homes (roughly the size of Chicago), have supported the manufacturing of more than 8 million fuel-efficient vehicles, and have avoided carbon pollution equivalent to taking more than 3 million cars off the road.

PROTECTING TAXPAYERS AND DELIVERING RESULTS: THE STRONG PERFORMANCE OF THE LPO PORTFOLIO

LPO was created to help finance innovation, which involves a degree of technology risk, so it structures its loans to protect taxpayer interests. For each transaction, LPO's team of financial, technical, environmental and legal professionals conducts rigorous due diligence that is comparable to, if not more stringent than, what is done in the private sector.

The loans and loan guarantees issued by LPO are all structured to be fully repaid with interest over the term of the loan. Each project in the portfolio must begin repaying the principal and interest on its loan around the time it reaches completion. As many of LPO's projects reached completion in the past two years, project revenues are being used to repay the loans.

As of September 2014, LPO-financed projects have already repaid nearly $3.5 billion of principal, as well as more than $810 million in interest payments to the U.S. Treasury, which issued the loans guaranteed by DOE through the Federal Financing Bank. These amounts will continue to increase as the loans are repaid over the coming years.

Also, LPO estimates that project borrowers, based upon the amount disbursed to date, will make more than $5 billion in interest payments to the U.S. Treasury over the full term of the notes.

Nevertheless, the risk of loss exists in any lending or investment activity and the performance of any financial portfolio is dynamic, as outstanding loans are repaid and new loans are issued. LPO manages this risk through thorough due diligence, underwriting, and portfolio monitoring, which has resulted in strong portfolio performance to date.

LPO PORTFOLIO PERFORMANCE SUMMARY

Loans and Loan Guarantees Issued	$**30.29** billion
Conditional Commitments	$**3.96** billion
Amount Disbursed	$**21.71** billion
Principal Repaid	$**3.49** billion
Interest Earned*	$**0.81** billion
Actual and Estimated Loan Losses	$**0.78** billion
Losses as % of Total Commitments	**2.28**%
Losses as % of Amount Disbursed	**3.59**%
Average Loan Tenor	**22.3** Years

(As of September 2014) * Calculated without respect to Treasury's borrowing cost.

In the five years since LPO began financing projects, actual and estimated loan losses to the portfolio are less than $780 million or approximately 2% of the program's loans, loan guarantees, and conditional commitments and less than 3.6% of the total funds disbursed to date.

With these actions, LPO is achieving its mission of accelerating the deployment of advanced energy technology, while protecting taxpayer interests.

Interest payments from LPO-financed projects to the U.S. Treasury: **$810 Million***

*As of September 2014

Projected total interest payments to the U.S. Treasury: **>$5 billion****

**Based on amount disbursed as of September 2014

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PHONE 202-586-8336 | **FAX** 202-586-7366 | **EMAIL** lgprogram@hq.doe.gov

For more information, please visit: **energy.gov/lpo**

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