



March 18, 2010

VIA OVERNIGHT & ELECTRONIC MAIL

U.S. DOT/NHTSA
Office of Vehicle Safety Compliance
1200 New Jersey Ave. S.E.
Mail Code NVS-221
Washington, DC 20590

Re: Recall No. 09V-177

Dear Sir or Madam,

Please accept this correspondence as a supplemental submission to a series of quarterly reports to the recall campaign above referenced. We would respectfully request acknowledgement of receipt of this report at your earliest convenience.

As you are aware, ZAP as importer and distributor of the subject Xebra vehicle submitted a report on behalf of the manufacturer, Qingqi Group Motorcycle Co. Ltd. (Qingqi) to the DOT/NHTSA identifying a non compliance on or about April 27, 2009. We identified a potential recall population of 738 units based upon a thorough review of internal records. We immediately notified Qingqi of the situation and indicated that we would no longer accept any vehicles for importation until we were fully satisfied that the vehicles were brought to compliance. As of today, no additional units have been imported. A safety recall notification letter was drafted and disseminated via US Mail on or about September 21, 2009 to all known dealers and owners.

Complicating the ZAP Company's response to Recall 09V-177 was the intrusion of a second, later recall assigned number 09V-385 by the DOT. Both recalls involved the performance of the vehicles' braking system and required maximum coordination of the resources of our Company to achieve the desired effect.

ZAP later discovered the conditions extant that led to recall number 09V-385 and we were advised by the DOT that each recall should be handled separately. The manufacturer Qingqi has been regrettably non-responsive, leaving ZAP to its own devices.

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Accordingly ZAP as the distributor, was then forced to return to the assistance of its own engineering department in order to integrate this second remedy of 09V-385 into the one previously required to satisfy 09V-177. As DOT's records will disclose in recall 09V-385, a notification letter was disseminated via US Mail on or about January 29, 2010 to all known dealers and owners.

In regard to recall 09V-177, the discovered remedy involved the replacement of the brake pads, master cylinder, front tire and an addition of a vacuum pump to simulate a conventional engine vacuum. We herewith attach an inventory of parts that comprise the retrofit remedy. With the addition of these components, we now believe that the Xebra vehicle meets or exceeds the stopping requirements and the brake pressure requirements of FMVSS-122.

In regard to recall 09V-385, we have developed a system that includes the addition of a second brake fluid reservoir, so that the vehicle meets or exceeds motorcycle braking fluid engineering requirements as well as automotive braking fluid engineering requirements.

Please be advised that now that the integrated remedies have been developed, instructions and parts kits for the correction of all of the non compliances have been assembled. We are in the process of procuring the specialized parts and providing them to ZAP dealers upon demand as well as performing repairs at our own facilities on certain vehicles. Whenever a vehicle is returned to our repair facility for any reason, we are retrofitting the brake system. Anecdotally, customers that have received the retrofitted parts have commented on the improved braking of the vehicles.

We continue to assemble reports from the field and will be able to provide you with the number of vehicles that have been retrofitted in the next quarterly reporting period. We have also retained the services of an independent engineering firm to provide third party confirmation of the efficacy of the remedies. We expect completion of their testing by the end of this month. Upon receipt of their confirmation of compliance, we will expedite the parts to our dealers and owners for the continuing program of retrofit.

Please contact the undersigned if the Department requires further information or documentation beyond the next scheduled quarterly report. Thank you in advance for your kind cooperation.

Sincerely,

Jackson Long
General Counsel