



July 24, 2013

Dear ZAP XEBRA Dealer:

Because you were a dealer model year 2008 ZAP XEBRA all-electric vehicles, we are writing to advise you that ZAP has decided that these vehicles fail to comply with Federal Motor Vehicle Safety Standard (FMVSS) No. 122, Motorcycle Brake Systems, and that ZAP is initiating a repurchase campaign, as described below.

This notice supersedes any prior notice you may have received regarding a recall of these vehicles. Copies of the Safety Recall Notice and Refund Request Form mailed to 2008 ZAP XEBRA registered owners are enclosed.

WHAT IS THE PROBLEM?

These vehicles exceed maximum distances within which they must be able to come to a stop. Extended stopping distances may result in a vehicle crash. These vehicles were also produced without the required separate brake fluid reservoir for each brake circuit, with each reservoir filler opening having its own cover, seal and cover retention device. Without a separate reservoir for each brake, having its own cover, seal and cover retention device, fluid for one brake circuit may move to the other. If this occurs, both reservoirs could lose fluid as a result of a fluid leak in one brake circuit, which could compromise the stopping ability of the braking system, increasing the risk of a crash.

WHAT WILL ZAP DO?

ZAP is initiating a vehicle repurchase program whereby it will purchase eligible vehicles, including vehicles in dealer inventory, for \$3,100 each. To be eligible, the following conditions and no others shall apply:

1. The enclosed request form must be completed in its entirety (one per vehicle) and submitted to ZAP, along with a photograph of the vehicle and photocopy of the vehicle's title, within 120 days after receipt of this letter.
2. Upon tendering the vehicle to ZAP or its designee, you must present an original title, free of any liens or security interests (including, but not limited to, liens or security interests of a bank, finance company, mechanic, etc.). You must execute the title, including by making a mileage disclosure.
3. Upon written approval by the National Highway Traffic Safety Administration (NHTSA), ZAP may deny your claim if the vehicle is without all of its major components, which are the powertrain, motor, controller, charger, suspension, body panels, dashboard, seats and wheels.
4. This program applies only to Model Year 2008 ZAP XEBRA all-electric vehicles.

Please note that the refund amount has been fixed by an order of the National Highway Traffic Safety Administration.

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WHAT SHOULD YOU DO?

-- Caution Regarding Operation of Vehicle

You should not be driving your ZAP vehicle. If you choose to continue driving your vehicle in its present condition, please be aware that it may not meet Federal stopping distance requirements and, at a minimum, you should keep a safe distance between your vehicle and any vehicles or other objects in front of you.

Note that it is a violation of Federal law to deliver the recalled vehicles under a sale or lease unless the noncompliance referenced in this notice has been remedied.

-- Participation in Vehicle Buy-Back Program

To participate in this repurchase program, you must complete the enclosed request form (one form per vehicle) and send it, along with a photograph of the vehicle and photocopy of the title, to ZAP. Your request must be either postmarked or received by ZAP no later than 120 days after receipt of this letter. Your submission should be made by certified mail or other verifiable delivery method.

If ZAP determines that a timely submission is missing required information, we will notify you and give you an opportunity to resubmit your claim. To be eligible, a resubmitted claim must be either postmarked or received by ZAP within the original 120 day submission period or within 14 days after your receipt of the notice of the missing information, whichever is later. Within 30 days after receipt of a completed request form, ZAP will notify you of your eligibility under this program.

If your vehicle is eligible, ZAP will contact you to make arrangements for the transfer of the vehicle and title and for payment of the refund. The timing of refunds will be determined based upon availability of funds, but ZAP has agreed with the National Highway Traffic Safety Administration that it will process and pay all eligible claims by December 31, 2013 or 30 days after your refund request, whichever is later. Payments will be issued in the order that the completed eligible claims are received. Transfer of vehicle and title will occur at the time of payment. The method of transfer will be determined on a case-by-case basis in consultation with the vehicle owner, but you will not be responsible for any related expenses (such as towing or other delivery charges, if applicable).

-- Additional Information

If you are a lessor of one of these vehicles, Federal law requires that you forward a copy of this notice to the lessee within ten (10) days of receiving this notice.

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Please contact ZAP at 1-855-587-2406 if you have any questions. We are sorry to cause this inconvenience; however, we have taken this action in the interest of your safety and satisfaction with our products.

Sincerely,

ZAP Management