



SAFETY RECALL NOTICE

Dear 2008 ZAP XEBRA Owner:

This notice is sent to you in accordance with the requirements of the National Traffic and Motor Vehicle Safety Act. ZAP has decided that model year 2008 ZAP XEBRA all-electric vehicles fail to comply with Federal Motor Vehicle Safety Standard (FMVSS) No. 122, *Motorcycle Brake Systems*. Our records indicate that your vehicle is affected.

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 your eligible vehicle for \$3,100. To be eligible, the following conditions and no others shall apply:

1. The enclosed request form must be completed in its entirety 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, the vehicle owner 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.). The owner 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.

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.

ZAP, 501 Fourth Street, Santa Rosa ⚡ CA 95401 USA
tel: (707) 525-8658 • fax: (707) 525-8692 • web site: www.zapworld.com
e-mail: zap@zapworld.com • Stock Symbol: ZP

-- Participation in Vehicle Buy-Back Program

To participate in this repurchase program, you must complete the enclosed request form 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. If you previously paid to have your vehicle repaired to address the noncompliance described above, you may be eligible to receive reimbursement for such costs in lieu of or in addition to participating in this repurchase program. Please contact ZAP at 1-855-587-2406 for further information and instructions on submitting a reimbursement claim.

If ZAP does not provide a remedy as described herein, you may submit a complaint to the Administrator, National Highway Traffic Safety Administration, 1200 New Jersey Avenue, SE, Washington, DC 20590; or call 1-888-327-4236 (TTY: 1-800-424-9153); or go to <http://www.safercar.gov>

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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