

To the creditors of National Electric Vehicle
Sweden AB

Stockholm, 19 February 2015

Matter No. Å 3115-14

National Electric Vehicle Sweden AB, reg. No. 556889-7556, undergoing company reorganisation

Reference is made to previous submissions concerning National Electric Sweden AB's ("Nevs") company reorganisation and Vänersborg District Court's decisions of 29 August and of 11 December 2014. I hereby submit the Administrator's Report, including a composition proposal, [appendix 1](#). Further, a response form with a proxy for the undersigned to vote in favor of the composition at an upcoming creditors' meeting before Vänersborg District Court, [appendix 2](#), is enclosed.

In order to avoid unnecessary delays, I kindly request that you should **as soon as possible, and no later than 2 March 2015**, return the attached proxy, duly signed. Thereafter, Nevs will, provided that the required majority is achieved, in writing apply for a formal composition procedure before Vänersborg District Court, in which the District Court will forthwith decide on the date and time for a renewed creditors' meeting before the District Court to vote on the composition proposal.

Briefly, the composition proposal entails that Nevs will first make a payment to all non-prioritized creditors in a base amount of SEK 500,000, or the lower amount to which the claim amounts including accrued interest as per 29 August 2014. On the remaining amount of each creditor's claim a composition is offered by 50 percent. Payment will be made in two installments. The first partial payment will be made within 60 days from the decision of the District Court, provided that a confirmed composition arrangement has become final. The second payment will be made within six months from the District Court's decision confirming the composition has become final. The creditors further undertake to waive penalty interest on the principal for the time after 29 August 2014. Creditors with a claim less than SEK 500 000 will receive full payment at the first installment.

It may be noted that the creditors' committee stands behind that Nevs submits the attached composition proposal.

The payments in the composition are made possible, primarily, from funding from Nevs's main owner National Modern Energy Holdings Limited ("NMEH"). During the period January – August of 2014, NMEH has provided loans to Nevs in a total amount of USD 83.7 million. Prior thereto, during 2012 and 2013, NMEH had provided loans to Nevs in a total amount of USD 279 million net, out of which USD 194.1 million were converted into shareholder contributions on 7 April 2013. NMEH has further provided loans in a total amount of USD 13.2 million during the

reorganisation. NMEH's willingness to finance the composition is based on the fact that the reorganisation as such constitutes a major obstacle for Nevs to finalize the ongoing negotiations on share issues and other deals previously described in the reorganisation plan of 2 October 2014. Nevs's counterparties have regularly reduced or made all offers to NEVS conditional on a substantial risk premium due to Nevs's undergoing company reorganisation. Thus, NMEH has come up with a funding solution for the financing of the composition payment as well as for Nevs's working capital needs for the upcoming six months. Nevs is in need of a long-term industrial partner and owner, but NMEH intends to remain an active owner also for the future. The hope is that NMEH's financing of the composition will lead to the ongoing negotiations with two large OEM (Original Equipment Manufacturer) players being finalized prior to the first installment of the composition.

The creditors who have both a claim on and a debt to Nevs as per 29 August 2014 are entitled to set-off their respective claims against Nevs against their respective debts to Nevs as per the same date. In the event that the creditor wishes to use its claim for a set-off, the subsequently remaining outstanding amount shall be set forth in the proxy.

Since non-prioritized creditors in the event of a bankruptcy are likely to receive a substantially lower distribution than the offered composition payment, and considering that the distribution will likely be paid several years in the future, I, as Administrator, recommend the creditors to accept the composition proposal and gratefully look forward to receiving the enclosed proxy form appropriately filled out, including the amount of the claim, name of the creditor including registration number, contact information, information on bank transfer service account or PlusGiro account and duly signed by authorized signatories to the address: Hamilton Advokatbyrå, P.O. Box 715, 101 33 Stockholm.

Finally, all Nevs's creditors are invited to an information meeting regarding the reorganisation of Nevs and Nevs composition proposal. The meeting will be held at NEVS's premises on Saabvägen 5 in Trollhättan on Thursday, 26 February 2015, at 1 pm. Notice of participation to be received via e-mail at e-mail address nevs@hamilton.se no later than 25 February 2015.

In order for the composition to be confirmed at a creditors' meeting, it is required that non-prioritized creditors representing at least three fifths (60 %) of those voting have voted in favor of the proposal and that the total amount of their collective claims amounts to at least three fifths of the total amount of the claims eligible to vote.

If you have any questions or comments on the proposal, please contact your established contacts at Nevs. You are also welcome to contact the undersigned or my colleagues Emma Berglund, emma.berglund@hamilton.se, Hedvig Mårstad, hedvig.marstad@hamilton.se and Tomas Johansson, tomas.johansson@hamilton.se.

Sincerely yours,



Lars Eric Gustafsson
Attorney-at-law (Advokat), Administrator

**COMPOSITION ACCEPTANCE
AND
POWER OF ATTORNEY**

The undersigned creditor accepts the composition offered by National Electric Vehicle Sweden AB, 556889-7556, that the creditors will receive payment of SEK 500 000 or the lower amount to which the claim and accrued interest amounts to as per 29 August 2014, within 60 days of the District Court's decision on the composition having become final. For the remaining part of the claim, a composition of 50 percent is accepted to be paid within six months of the District Court's decision on the composition having become final. The undersigned creditor furthermore undertakes to waive penalty interest on the capital amount as from 29 August 2014.

The administrator, attorney at law, Mr. Lars Eric Gustafsson, is authorized to vote for the acceptance of the composition at forthcoming creditors meeting.

Name of Company

Corporate identity number

Amount of claim per 140829

Accrued interest per 140829

Total amount

Bank account (IBAN)

Place and date on 2015

Signature, person authorized to sign

Clarification of signature

Contact

Telephone/e-mail

The Power of Attorney in original shall be returned to Hamilton Advokatbyrå KB, Box 715, 101 33 Stockholm, SWEDEN by **2 March 2015** at the latest.