



SQN Capital Management

May 3, 2017

Legal Service Department
China Chamber of Commerce for Import & Export of Machinery & Electronic Products

Dear Members, Representatives, and Associates of CCCME,

This letter and the proposal made herein is subject to legal review and documentation as well as the approval of the bankruptcy court.

First, thank you for your time on the telephone last evening and your consideration of the matters facing Suniva.

SQN Capital Management (“SQN”) has provided financing to Suniva secured by a first lien on Mono Perc Cell Production lines for 250 MW Annual Capacity and Module equipment with 150-200 MW Annual Capacity. SQN’s total outstanding debt with Suniva is between USD\$51 million and US\$52 million. Some of the equipment was newly installed as late as the fourth quarter of 2016. SQN believes that the equipment is worth at least USD\$55 million. Through the bankruptcy court, SQN is interested in arranging a sale of that equipment so that SQN can be repaid the full amount of money that it is owed.

SQN has agreed to provide financing to Suniva to file a petition under Section 201 of the Trade Act of 1974 in order to restore value to the equipment and the industry thereby creating a market in the U.S. in which SQN can recover its investment. In order for Suniva to put forth the case, the company must remain in existence. The only way Suniva could survive while the Trade Case is being pursued was to file Chapter 11 Bankruptcy which provides protection from creditors. The cost of filing Chapter 11 and pursuing the Trade is approximately USD\$4 million which SQN is funding through a Debtor in Possession Order.

If SQN were to arrange a sale of the equipment that secures its investment, SQN would have no interest in providing additional funding to Suniva and the company would have to convert to a Chapter 7 Bankruptcy where the assets are liquidated and the company ceases to exist.

If Suniva were not to receive funding from SQN, the Trade Case would have to be withdrawn for three reasons.

1. Suniva would no longer be an industry participant as it was wound down and would be disqualified from being a petitioner.
2. There would be no one to pay the substantial lawyer’s fees necessary to put the case forward.
3. The US Trade Representative could not put forth the case on its own without meaningful industry representation and Solar World is focused on a different trade case and is not interested in incurring the cost of the 201 Case.

Wanxiang-America is the only other secured creditor to Suniva. Wanxiang-America has provided USD\$15 million of financing secured by a first lien on all assets excluding the SQN assets, mainly Mono Cell Production lines which are more than 5 years old for 125-150 Annual Capacity. Wanxiang-America has expressed that it has no interest in supporting a 201 Trade Case and believes that they are covered by the inventory and value of the equipment secured by their liens. They were offered an opportunity to participate in SQN’s funding of Suniva through the bankruptcy and they declined.

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Below is a list of the other creditors of Suniva, none of which have an interest or the financial capability to fund the 201 Trade Case. This information is publicly available in Suniva's bankruptcy filings.

Unsecured Creditors: (All amounts in US dollars)

Wacker Chemie	5,775,000
Woongjin Energy	4,970,352
Silfab Solar	4,141,376
Suntech	3,537,692
Posco Daewoo America	2,737,376
Sunedison	1,501,827
Lerri Solar	899,977
Press Metal	769,569
Guangzhou Ruxing	766,634
Heraeus Precious Metals	714,761
Veritiv	716,138
Jiangxi Haoan Energy	545,548
ASIA UNION ELECTRONIC CHEMICAL CORP	365,828
CALIFORNIA STATE BOARD OF EQUALIZATION	431,836
DEPARTMENT OF ENERGY	428,515
CNIEC SHAANXI CORPORATION	391,360
Centrotherm	489,287
SKC, INC.	371,816
ZHEJIANG JIAFU GLASS CO., LTD.	358,997
E I DU PONT DE NEMOURS & CO	351,811
APPLIED MATERIALS, INC.	344,557
Meyer Burger	315,481
FEDERAL PRISON INDUSTRIES	255,614
GEORGIA TECH RESEARCH CORPORATION	255,000
Wanxiang Import/Export Co	229,685
ASYS	215,845
Kinetic Systems	206,457
Subtotal	<u>32,088,338</u>
Other Smaller unsecured creditors	<u>3,915,352</u>
Total Estimated Unsecured Creditors	<u>36,003,690</u>
Total Estimated Creditors	<u>106,003,690</u>

As you can see, the largest creditor, aside for SQN, are foreign-owned companies that could potentially be hurt by the 201 Trade Case. Further, you will note that it cost at least USD\$4 million to



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pursue the Trade Case which would not make economic sense for any of the creditors to pursue given the size of the amounts due to them.

If SQN were able to arrange a sale of the equipment that secures its investment in Suniva, the following steps would take place.

- 1) A proposal would be put forth to the bankruptcy court under an emergency motion. This would have to happen on Monday, May 8th.
- 2) Funds would have to be deposited into an escrow account with a third-party law firm while an auction for the equipment is announced and conducted. Funds in the escrow account would only be released as part of a liquidation of Suniva which would include a conversion to Chapter 7 which would have the effect of terminating the Trade Case. The deposit has to be made as soon as the emergency motion is approved.
- 3) Upon receipt of the funds into escrow, the Trade Case would be withdrawn as SQN would no longer be providing funding under the bankruptcy. If these events did not occur, the amounts in escrow would be refunded to the entity that provided them.
- 4) Following the conversion of the bankruptcy to Chapter 7, the assets of Suniva would be liquidated and the company would cease to exist any longer.

The USD\$55 million, when distributed, will be used first to pay the amounts due to SQN. The balance of USD\$3 million to USD\$4 million will be used to pay the legal fees, the expenses related to the bankruptcy, and to make a distribution to unsecured creditors.

We are prepared to work around the clock to document a transaction, if you are interested in purchasing the equipment from Suniva which serves as security for SQN's investment.

We look forward to speaking to you shortly.

Most Respectfully,

Jeremiah Silkowski
President