Lucid Motors

EPA's Proposed Multi-Pollutant Emissions Standards for MY 2027 and Later for Light- and Medium-Duty Vehicles

February 28, 2024

Lucid’s mission is to inspire the adoption of sustainable energy by creating advanced technologies and the most captivating luxury electric vehicles centered around the human experience.

Alternative 1 is Needed to Address Public Health and Current Climate Crisis

EPA is required to set standards for emissions of air pollutants from new motor vehicles which, in the Administrator's judgment, cause or contribute to air pollution which may reasonably be anticipated to endanger public health or welfare.

- Zero emission vehicles provide a feasible way to comply with protective tailpipe standards.
  - New Lucid models and investment demonstrate the future of the EV sector.
  - New sales trends and analyses indicate compliance is achievable under current conditions.
  - New federal and state policies are accelerating growth of the EV industry.
- New studies prove the feasibility of alternative compliance options in addition to EV sales.

Stringent Tailpipe Emissions Standards are Needed to Address the Climate Crisis

The Lucid Air Lineup: Unprecedented Range of Capability

The most efficient vehicle on the US market

Pure

Power: Up to 480 hp
Range: Up to 419 miles of EPA-estimated range.(1)
Efficiency: Up to 4.74 mi/kWh(2)

The most well-rounded EV on the market

Touring

Power: 620 hp
Range: Up to 411 miles of EPA-estimated range. (1)
Efficiency: Up to 4.62 mi/kWh (2)

The longest-range EV on the US market

Grand Touring

Power: 819 hp
Range: Up to 516 miles of EPA-estimated range. (1)
Efficiency: Up to 4.61 mi/kWh (2)

The most powerful four-door car in the world

Sapphire

Power: 1,234 hp
Range: Up to 427 miles of EPA-estimated range. (1)
Efficiency: Up to 3.61 mi/kWh (2)

(1) When equipped with 19" wheels (or standard wheel for Air Sapphire). See https://www.fueleconomy.gov.. (2) Calculated as optimal EPA-estimated range divided by the gross size of the battery pack.

The Lucid Gravity SUV Production Will Start Later this Year in the US

- The new Lucid Gravity heralds the dawn of a new era for electric SUVs with an unprecedented combination of attributes previously unseen in a single vehicle and a projected range in excess of 440 miles.[1]

- Lucid's innovations in EV technology and packaging deliver an expansive, luxurious interior for up to seven adults and their belongings, without the huge exterior and poor maneuverability often associated with traditional full-size, three-row SUVs.

- Featuring a brand-new SUV platform and next generation of Lucid's award-winning, proprietary electric powertrain, Gravity will deliver an exhilarating driving experience.

- Lucid proved its capability in producing an extraordinary, acclaimed luxury EV sedan; now Lucid is expanding into the larger SUV market with Gravity.

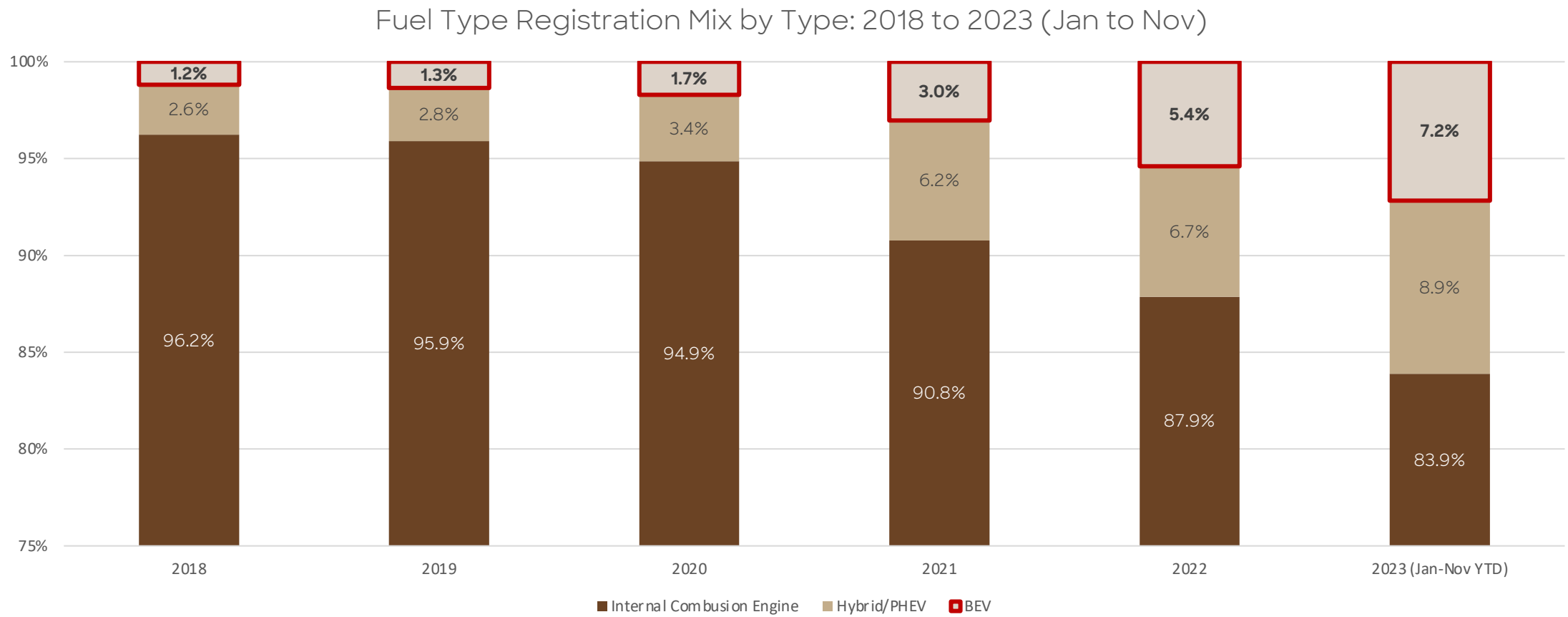
- Lucid Gravity lands in late 2024. As with Lucid Air, pricing for Gravity will start under $80,000.[2]

**Gravity is in preproduction, and the above vehicle specifications are subject to change.* (1) Manufacturer's projected estimate for top trim; range and battery power vary with temperature, driving habits, charging and battery condition and actual results will vary.
(2) Pricing for U.S. market only. Excluding tax, title, license, options, destination and other fees. Pricing subject to change.

Lucid's Purpose Built Advanced Manufacturing Plant Expanded to Prepares for Gravity and Future Vehicles

- Lucid expanded its U.S. manufacturing facility, Lucid AMP-1 (Advanced Manufacturing Plant - 1), by approximately 3 million square feet, ahead of the production of the Lucid Gravity.
- The expanded AMP-1 facility, totaling more than 3.85M sq ft., and the vertical integration of key manufacturing processes will enable Lucid to further improve its quality process, provide manufacturing flexibility, and improve efficiency.
- Lucid's AMP-1 expansion occurs just two years after the opening of the plant, the first greenfield dedicated EV factory in North America, and the start of production of the Lucid Air.
- This significant investment demonstrates the concrete impact of new Inflation Reduction Act incentives, including 45X, 45W, 30D, and 30C, and confidence in the positive impact of the $7.5 billion NEVI investment from the Bipartisan Infrastructure Law.

Increasing Sales of EVs Signal Robust Demand and Achievable GHG Compliance



Fuel Type	2018	2019	2020	2021	2022	2023 (Jan-Nov YTD)
Internal Combustion Engine	16,997,399	16,831,822	14,093,319	14,411,188	12,394,925	12,124,437
Hybrid/PHEV	458,293	484,682	508,572	984,106	950,627	1,292,930
BEV	208,583	235,992	255,028	480,709	760,368	1,037,638
Total Industry	**17,664,275**	**17,552,496**	**14,856,919**	**15,876,003**	**14,105,920**	**14,455,005**

Source: S&P Global Catalyst Registration accessed on Jan. 23, 2024

Accurate Market Data and Additional EV Models Improves Compliance Landscape

- **EV sales have been increasing since the baseline and analysis fleets. MY 2019 and MY 2020 do not account for Lucid, Polestar, and Rivian EVs.**
- **Currently, American consumers have 50 kinds of EVs to choose from. Regardless of rulemakings, OEMs are offering new models and announcing more to come.**

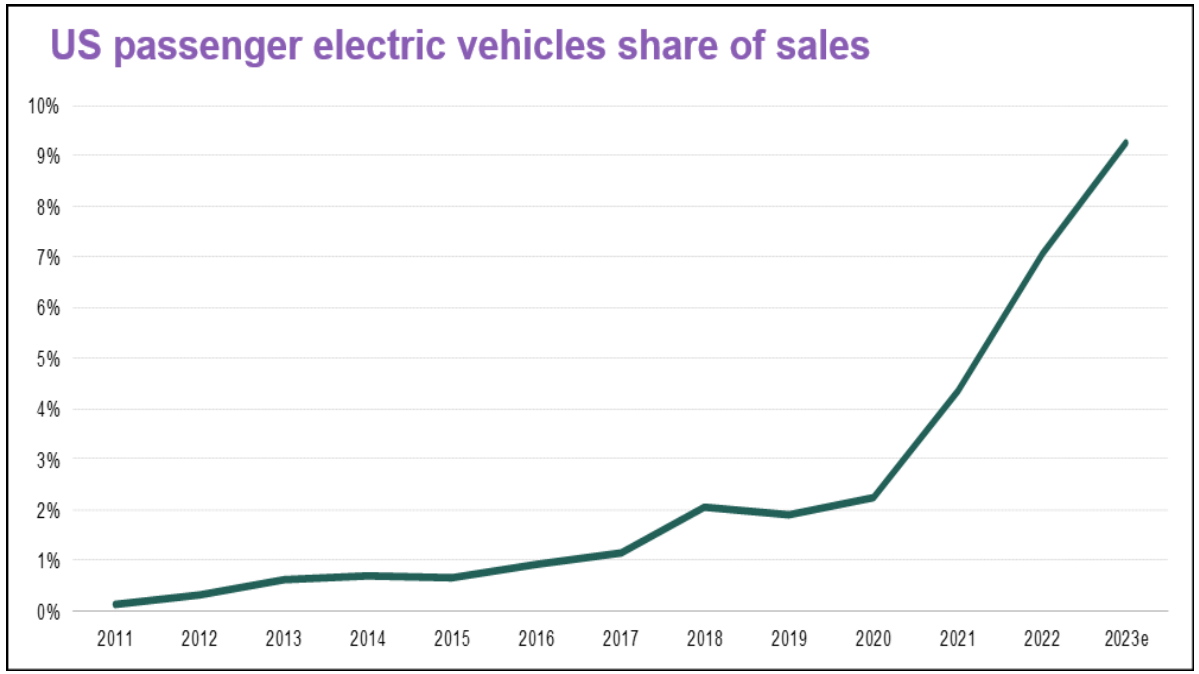
- **Some additional EV models slated to start production or deliver this year:**
  - **<u>US OEMs:</u>**
    - **Chevy Equinox**
    - **Ford Explorer**
  - **<u>Foreign OEMs:</u>**
    - **Honda Prologue**
    - **Hyundai Ioniq 7**
    - **KIA EV3**
    - **Polestar 4**
    - **Porsche Macan EV**
    - **Range Rover**
    - **Volvo EX90 and EX30**

- **Numerous OEMs have announced an all-electric lineup in the US by 2035 or sooner.**
  - **<u>US OEMs brands:</u>**
    - **Buick (by 2030)**
    - **Cadillac (by 2030)**
    - **Chevrolet (by 2035)**
    - **Chrysler (by 2028)**
    - **GMC (by 2035)**
  - **<u>Foreign OEM brands:</u>**
    - **Alfa Romeo (by 2027)**
    - **Audi (by 2033)**
    - **Genesis (by 2030)**
    - **Jaguar (by 2025)**
    - **Mini (by 2030)**
    - **Volvo (by 2030)**

Source: EPA Certified Vehicle Models Database, https://www.epa.gov/compliance-and-fuel-economy-data/annual-certification-data-vehicles-engines-and-equipment

More Stringent Standards are Feasible and Needed for Continued Emissions Reductions

- EV sales in the US forecasted to be about 1.9 million or 13% of new car sales this year.
- Various forecasts estimate the US EV market share to reach 40% or more by 2030, exceeding EPA's No Action scenario projection at 40% EV penetration by MY 2032.



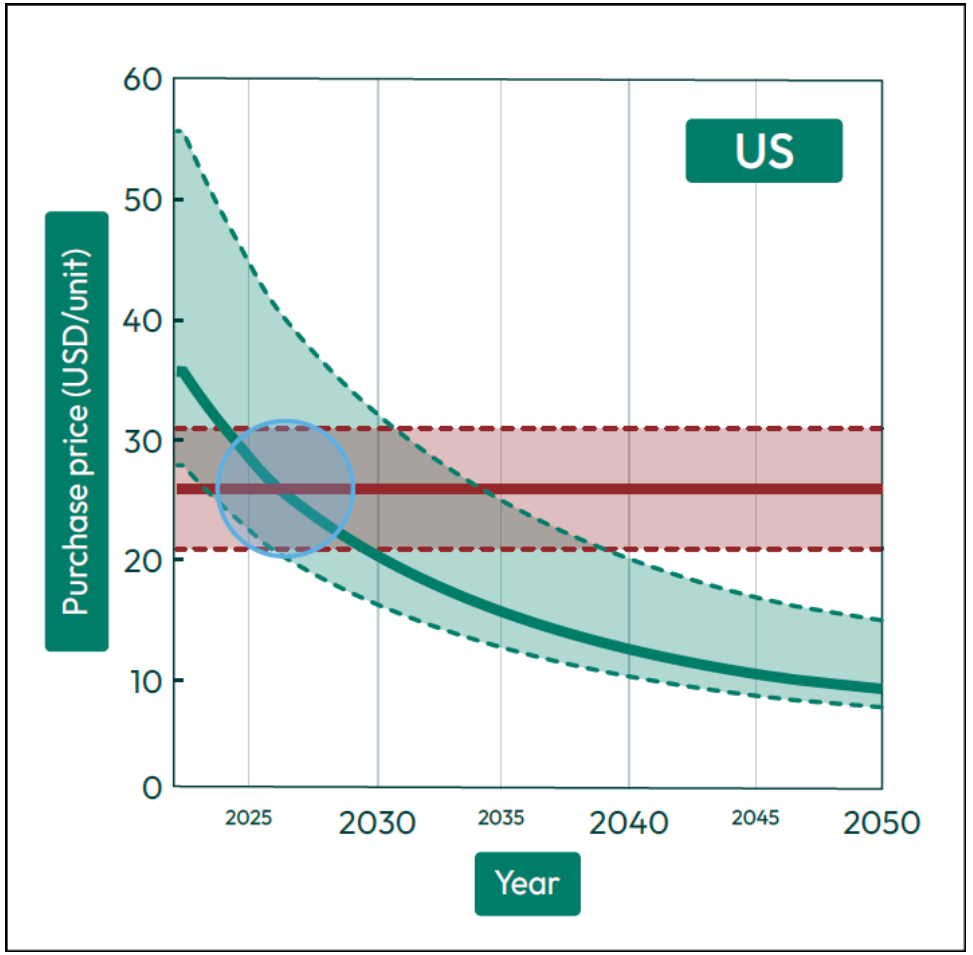
Source: BloombergNEF; Colin McKerracher, "Electric Vehicle Market Looks Headed for 22% Growth This Year," Jan. 9. 2024, available at https://www.bloomberg.com/news/newsletters/2024-01-09/electric-vehicle-market-looks-headed-for-22-growth-this-year; S&P Global Mobility, "EV Chargers: How Many do we Need?" Jan. 9, 2023, available at https://www.spglobal.com/mobility/en/research-analysis/ev-chargers-how-many-do-we-need.html; Bloomberg, "More Than Half of US Car Sales Will Be Electric by 2030," Sept. 20, 2022, available at https://www.bloomberg.com/news/articles/2022-09-20/more-than-half-of-us-car-sales-will-be-electric-by-2 030#xj4y7vzkg.

Price Parity in the Next Few Years Likely to Accelerate EV Adoption

- Exeter University's Economics of Energy Innovation and System Transition (EEIST) project predicts that medium-sized EVs in the US will be cheaper to buy than their ICE equivalents as early as ***2026 and even sooner for smaller vehicles***.

- Gartner expects the average price of an EV will reach price parity with ICE vehicles of similar size and configuration by ***2027*** and will accelerate EV adoption.

- The International Council on Clean Transportation's (ICCT) report Investigating the U.S. Battery Supply Chain and its Impact on EV Costs Through 2032 expects substantial battery and vehicle cost reduction, leading to price parity, due to lithium supply outpacing lithium demand.



Sources: "Gartner Forecasts 15 Million Electric Cars Will Be Shipped in 2023," Sept. 7, 2023, available at https://www.gartner.com/en/newsroom/press-releases/2023-09-07-gartner-forecasts-15-million-electric-cars-will-be-shipped-in-2023; University of Exeter, EEIST, "Crossing the tipping point: Electric Vehicles Case Study," 2023, available at https://global-tipping-points.org/resources/; International Council of Clean Transportation, ICCT, "Investigating the U.S. Battery Supply Chain and its Impact on Electric Vehicle Costs Through 2032," 2024, available at https://theicct.org/publication/investigating-us-battery-supply-chain-impact-on-ev-costs-through-2032-feb24/ .

Incentives and State Regulations Support Increasing EV Adoption

- Federal incentives are newly defined making EVs more price competitive, which could further accelerate market penetration.
  - IRA 45X production incentive guidance released in December 2023 define eligibility broadly and give manufacturers confidence to ramp up production.
  - IRA 30C alternative fuel infrastructure guidance released in Jan 2024 broadly defines geographic eligibility of charging infrastructure credits, reducing further roll out costs.
  - IRA 45W notice in January 2024 leaves broad eligibility for $7,500 fleet sales and leasing incentive in place.
  - IRA 30D and FEOC guidance in December 2023 provides industry certainty to attain additional consumer incentives
- California's ZEV mandate through MY25 has been adopted by 15 states representing almost 37% of new vehicle sales. Of those states, currently 13 have adopted ACC II for MY26 and beyond.

The Climate Crisis Demands Stringent Standards and Automakers Are Capable of Meeting Electrification Needs

- Market trends are favorable for compliance with increasingly stringent fuel economy and GHG tailpipe rules.
- Compliance with EPA's Alternative 2 is achievable with little to no additional EVs.
  - EDF analyzed EPA's proposed GHG rule in December 2023 and found that no additional EV sales are needed to achieve GHG compliance based 7% new car sales, which is approximately current day sales.
- To achieve substantial GHG reductions and maximize public health benefits, Alternative 1 is required.


LUCID