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Executive Informational Overview®

T3 Motion, Inc. (TTTM-NYSE Amex)

Electric Vehicles for Professional and Consumer Markets

Snapshot

February 14, 2012

T3 Motion, Inc. ("T3 Motion" or "the Company") engages in the design, manufacturing, and marketing of electric vehicles, specializing in cost-effective transportation solutions for professional and consumer markets. T3 Motion's flagship product is the T3 Series **electric stand-up vehicle (ESV)†**, a **zero-emission**, three-wheel unit designed for law enforcement and security operations yet flexible enough for government and consumer applications. T3 Motion designed its ESVs to emphasize both the environment and cost-efficiency, meeting stringent performance standards and enhancing the image of the professional while requiring less than an estimated $0.10 per day to operate. T3 Motion plans to capitalize on the T3 Series' modular design to introduce new products based on the T3 Series platform. The Company introduced the T3 Series consumer version—the T3 Power Sport—in December 2011, as well as the T3 Non-Lethal Response Vehicle (NLRV) in October 2011, designed for crowd control operations. In April 2011, the Company also introduced the R3 Series prototype, a two-passenger vehicle for the consumer market. About 3,000 T3 Series vehicles are currently used by 700 customers worldwide, including 180 cities, municipalities, and police departments, over 50 airports and ports, the Pentagon, CIA, and FBI buildings, the New York Subway system, Amtrak railroad, and military installations. The T3 Series ESV has facilitated security at the Tour de France, Rose Parade, Super Bowl XLV, G20 Summits, and Grand Prix Formula One races, among other events.

Corporate Headquarters

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Financial Data

Ticker (Exchange)	TTTM (NYSE Amex)*
Recent Price (02/13/2012)	$0.57
52-week Range	$0.40 - $9.80**
Shares Outstanding***	~12.9 million
Market Capitalization	~$7.4 million
Average 3-month Volume	55,600
Insider Owners + >5%	29.8%
Institutional Owners	56.3%
EPS (Qtr. ended 09/30/2011)	($0.09)
Employees	55

** Moved from the OTC.BB to the NYSE Amex on 05/13/2011. Units split on July 1, 2011.*

*** 05/16/2011 reverse 1:10 split. ***As of 11/14/2011.*

Key Points

T3 Series ESV

- For the nine months ended September 30, 2011, T3 Motion reported net revenues of over $4.2 million, with international sales representing 27% of the sales mix. In FY2010, revenues were $4.7 million. During the third quarter 2011, the Company's backlog orders exceeded 500 vehicles.
- Advancements in technology, a greater demand for products and vehicles that are environmentally friendly, and government incentives have contributed to a resurgence of electric vehicles (EVs). The U.S. Department of Energy (DOE) alone has allocated over $25 billion in loans to encourage the development of advanced technology vehicles, including development and manufacturing of EVs.
- According to T3 Motion, the Company's customers have reported that the use of T3 Series ESVs translate into an annual operating savings of $17,500 to $24,500 per gasoline-powered vehicle replaced, yielding a **return on investment (ROI)** timeframe of approximately seven months.
- T3 Motion holds three U.S. patents and six applications as well as key copyrights and trademarks. The Company is led by executives with entrepreneurial and sales experience in multiple technology industries.
- As of September 30, 2011, T3 Motion had cash and cash equivalents of nearly $3.8 million, after raising $11.1 million through a public offering in May 2011.

†**BOLD** WORDS ARE REFERENCED IN THE GLOSSARY ON PAGES 51-52.

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Executive Overview

T3 Motion, Inc. ("T3 Motion" or "the Company") designs, manufactures, and markets electric vehicles (EVs), specializing in cost-effective, environmentally conscious transportation solutions for the professional and consumer markets. T3 Motion believes that its technology and product portfolio benefits personal and professional end-users as well as the environment. First introduced in 2007, the Company's flagship product, the T3 Series, has been associated with an estimated reduction of over 12,000 tons of CO_2 emissions and an approximate savings of over $9 million in operating costs by its professional customers.

EVs are alternative-design vehicles that use electric motors instead of a gasoline or **internal combustion engines (ICE)**. Electricity is provided by battery modules. Electric motors have several advantages over ICEs, including lower operating costs, decreased environmental impacts, and reduced dependence on foreign energy sources.

EVs often cost less to operate than ICE vehicles, as they require less maintenance (e.g., no oil changes or emissions checks). As well, EVs do not emit tailpipe pollutants, thereby reducing **greenhouse gas (GHG)** emissions. In addition, electric power is predominately a domestic energy source, which decreases dependence on the **Organization of Petroleum Exporting Countries (OPEC)** and other oil-producing countries (Source: U.S. Environmental Protection Agency [EPA]). As of 2008, the economic cost of oil dependence for the U.S. was estimated at half a trillion dollars, comprising $350 billion in wealth transfer and $150 billion in lost GDP (Source: Pew Center on Global Climate Change's *Plug-in Electric Vehicles Market: State of Play* 2011). These characteristics may make EVs particularly beneficial for agencies, such as federal, state, and local government, that seek to set an example for consumers by encouraging the use of domestic clean energy sources or solutions.

Despite its advantages, EV adoption for commercial and individual use continues to depend on the development of cost-effective technology to address the challenges of achieving optimal battery performance and price. One of the main limitations preventing widespread EV adoption is **range anxiety**, referring to the limited driving range that EVs can travel on a single charge. In addition, despite lower operating costs, EV options for consumers are typically more costly than equivalent ICE options. With a portfolio of innovative and proven EV solutions, T3 Motion is working to overcome such concerns that have plagued the industry to date.

In line with the Company's mission, a number of federal and municipal government incentives also seek to promote EV adoption. For example, in 2008, the U.S. Department of Energy's (DOE) Advanced Technology Vehicles Manufacturing Loan Program began accepting applications for over $25 billion in loans directed to encourage the development of advanced technology vehicles, including EVs. In addition, in 2009, the U.S. government authorized $2.4 billion in funding aimed at development of advanced battery technology for powering electric cars (Source: Cascade Policy Institute's *A Free Market Perspective on Electric Vehicles*, October 2009). As well, consumer EVs purchased in or after 2010 may be eligible for a federal income tax credit of up to $7,500, in addition to existing state tax credits in some locations (Source: EPA). Advancements in battery technologies as well as expanding demand for environmentally friendly products and energy independence are contributing to the resurgence of EVs as a viable transportation option (Source: Deloitte Consulting LLP's *Gaining traction: A customer view of electric vehicle mass adoption in the U.S. automotive market* 2010).

T3 Motion's Approach to Electric Vehicles

T3 Motion's flagship product, the T3 Series electric stand-up vehicle (ESV), is a zero-gas-emission, all-electric, three-wheel unit initially designed as a job-specific personal vehicle for law enforcement and security. It has since shown flexibility for government and consumer applications as well. To date, the majority of the Company's revenues have been derived from sales of T3 Series ESVs and related accessories. T3 Motion also offers a consumer-oriented EV prototype, the R3 Series (as illustrated in Figure 1 [page 4]), among other products and vehicles. In addition, the Company markets security products to be used with its vehicles or in a standalone basis.

Figure 1
T3 Motion, Inc.
ELECTRIC VEHICLES FROM T3 MOTION

T3 Series ESVs

R3 Series Prototype

Source: T3 Motion, Inc.

The foundation of T3 Motion's vehicles is the Company's proprietary power management technology and propulsion system that maximizes range and minimizes recharging time. For maximum flexibility, the T3 Series design includes T3 Motion's innovative replaceable **power modules** that allow continuous vehicle operation without the downtime normally associated with the charging process. The vehicle is equipped with plug-and-play power modules that can be **hot-swapped** in less than one minute, minimizing downtime and reducing range concerns. The Company has also capitalized on its expertise gained through the development of the T3 Series technology in order to create consumer products, the R3 Series and the T3 Power Sport. Both vehicles incorporate the proven intelligent power management technology as well as additional technical features currently in use on T3 Motion's professional offerings.

From inception, the T3 Series targeted professional markets that were characterized by favorable competitive dynamics and that had transportation needs conducive to EV adoption. Government fleets (law enforcement) are one of the primary targets for EVs, as their range and load requirements typically match EV capabilities, they possess the support infrastructure, and they are concerned with total cost of ownership rather than upfront costs. The Company believes that its strategy of creating a niche market is allowing for easier market penetration. For example, the T3 Series' initial focus on law enforcement facilitated the expansion into additional professional markets, particularly private security, military, and other government agencies. As well, professional markets have helped increase awareness of the T3 Motion brand name, as law enforcement, government, and military agencies are high profile and often generate public exposure and media coverage.

There are approximately 3,000 T3 Series vehicles in operation, spanning nearly 30 countries. These vehicles are currently used by the Pentagon, U.S. Central Intelligence Agency (CIA) and U.S. Federal Bureau of Investigation (FBI) buildings, police departments, cities, municipalities, airports, ports, military bases and installations, the U.S. National Railroad Passenger Corporation (Amtrak), and other venues. The T3 Series ESV specifically has aided security at major events, such as the Tour de France, Rose Parade, Super Bowl, G20 Summit, and Grand Prix Formula One races.

Going forward, T3 Motion plans to introduce a series of product variants and new product lines based on the T3 Series platform. The Company intends to expand on the T3 Series modular design in order to configure vehicles for additional professional and consumer uses, enabling deeper penetration of current and new markets. To this end, the Company introduced the T3 Series consumer version, the T3 Power Sport, in December 2011, as well as the T3 Non-Lethal Response Vehicle (NLRV) in October 2011.

In May 2011, T3 Motion completed an $11.1 million public offering. The Company earmarked this capital to strengthen its balance sheet, continue penetration into global markets, and advance new product development.

T3 Series Electric Stand-up Vehicle (ESV) and T3 i-Series ESV

The T3 Series ESV and its international model—the T3 i-Series ESV, which is built in compliance with international standards—are capable of speeds of up to 20 mph. The T3 Series is a high-performance vehicle delivering a zero-degree turning radius for improved maneuverability, cargo capacity of 450 pounds, and an integrated **light-emitting diode (LED)** emergency lighting system. This vehicle can access restricted spaces, including elevators and narrow corridors, handle curbs, and deliver a quiet, emission-free operation. A raised, nine-inch standing platform provides the rider with an elevated vantage point to evaluate any situation, while making the public aware of the ESV's presence.

Among other benefits, the T3 Series ESV is intended to enhance the effectiveness and efficiency of law enforcement patrols, allowing officers to respond to calls faster and with lower physical exertion. Its open-air design also improves officers' approachability, allowing for interaction with the community that may enhance police agencies' community relations and perception.

In addition to operational efficiencies, deploying the T3 Series may save money due to lower operating and maintenance costs versus gasoline-powered vehicles. According to T3 Motion's customers' calculations, assuming an average distance of 15 to 20 miles daily, the cost to recharge a T3 Series ESV is less than $0.10 a day—an equivalent of over 500 miles per gallon. Ultimately, the use of a T3 Series ESV can translate into an annual operating savings of $17,500 to $24,500 per gasoline-powered vehicle replaced, yielding a return on investment (ROI) timeframe of approximately seven months.

T3 Series Power Sport

In December 2011, the Company announced the launch of the T3 Power Sport, a consumer vehicle. The T3 Power Sport is based on the T3 Series platform, with key configuration and design changes to meet consumers' needs. The T3 Power Sport has a top speed of 12 mph and a range of up to 40 miles on a single charge, and incorporates customizable colors and graphics as well as optional accessories. Sales of the T3 Power Sport expand the Company's revenue sources as well as may enable manufacturing efficiencies due to higher volume production of the T3 Series building block components and technology.

T3 Non-Lethal Response Vehicle (NLRV)

In October 2011, the Company announced the launch of the T3 NLRV, designed to provide law enforcement with humane and safe alternatives during riots and violent protests. The T3 NLRV is built on the T3 Series platform, incorporating features such as semi-automatic non-lethal launchers; high-intensity LED deterrent strobe lights; a riot shield; puncture-proof tires; and video recording capabilities.

R3 Series

In April 2011, T3 Motion announced the completion of its R3 Series consumer EV prototype, a two-passenger vehicle with top speeds of 70 mph and a range of 80 to 100 miles per charge. The Company is planning a sample trial of approximately 100 R3 units in the Los Angeles, California, area in late 2012 or early 2013, which T3 Motion expects to follow with full production. The Company also plans to manufacture a **plug-in hybrid** version of the R3, with a top speed of 100 mph and a range of 300 miles.

The R3 features a proprietary, patent-pending, single rear-wheel design with two high-performance tires sharing one rim (depicted in Figure 14 [page 26]). This two-tire, one-wheel design is anticipated to improve traction, stability, handling, and energy efficiency. Accordingly, the R3 is classified as a motorcycle, permitting a faster time to market as it is does not require the lengthy testing imposed on cars and trucks necessary to meet U.S. Department of Transportation (DOT) standards.

Other Security Products

T3 Motion also offers vehicle-mounted and standalone security products, including a license plate recognition system (T3 LPR), an in-car data recording system, a 360-degree camera, and a wireless IP video monitoring system. Greater details of these products are provided on pages 28-30.

Customers for T3 Motion's Next-generation Electric Vehicles (EVs)

T3 Motion's EV market can be divided into four segments: (1) public safety and law enforcement; (2) private security; (3) military and government; and (4) consumers. In addition to those overviewed below, Tables 8-11 (pages 34-36) contains a list, where information is available, of the Company's current customer base.

Public Safety and Law Enforcement

Applications within this segment include law enforcement, emergency medical services, and college and educational campuses. The T3 Series ESV was originally designed for public safety agencies. Today, the T3 Series serves security functions for more than 180 cities, municipalities, and police departments, and over 90 university and college campuses.

Private Security

Applications within this segment include private security companies, retail locations, parking patrols, and manufacturing and industrial firms. The T3 Series is used for property patrols and asset protection by private companies, such as Target Corp. (TGT-NYSE), Simon Malls (SPG-NYSE), and Disneyland. To date, T3 Motion has provided EV security solutions to over 40 private and corporate security forces, in addition to more than 400 retail institutions.

Military and Government

T3 Motion is a **General Services Administration (GSA) schedule** approved supplier, which grants it a preferred vendor position with the U.S. government. The T3 Series ESV is used in over 30 government and military installations, in 50 airports and ports worldwide, and by the U.S. Postal Service (USPS).

Consumers

The Company believes that the consumer market represents the largest EV market segment. However, it is also highly competitive, with nearly all major auto companies—as well as multiple start-ups—planning to produce plug-in EVs within the next three years.

Headquarters and Employees

Figure 2
T3 Motion, Inc.
CORPORATE HEADQUARTERS

Source: T3 Motion, Inc.

T3 Motion was incorporated on March 16, 2006, under the laws of Delaware. The Company's operations are conducted through T3 Motion, Inc. and its wholly owned subsidiary, T3 Motion, Ltd. (UK). Corporate and manufacturing facilities, as shown in Figure 2, are headquartered in Costa Mesa, California, and encompass 33,500 square feet. T3 Motion operates production lines capable of producing up to 750 T3 Series ESVs per month as well as a research and development (R&D) center. The Company's own global sales and marketing force is augmented by a network of U.S. dealers and resellers as well as international distributors.

T3 Motion began trading on the NYSE Amex in May 2011 under the ticker symbol "TTTM." The Company was previously traded on the Over-the-Counter Bulletin Board (OTC.BB). As of September 30, 2011, T3 Motion had 55 full-time employees.

Growth Strategy

T3 Motion markets its products through a direct sales force based out of the Company's headquarters as well as through a global network of distributors and manufacturers' representatives. T3 Motion's standard distribution agreements provide the right for distribution of its vehicles and accessories within defined geographic locations and markets.

With 2010 revenues of $4.7 million, T3 Motion seeks to become a leader in clean energy-powered, personal mobility solutions, and to continue to provide economical, functional, safe, and dependable products that meet end-user needs. To achieve future growth, the Company is pursuing the following strategies, as overviewed below.

- *Emphasize brand reputation in law enforcement markets*
  - T3 Motion intends to continue to build its reputation within the law enforcement community and to pursue additional branding activities. The Company believes that maintaining a strong brand name for law enforcement can facilitate continued expansion into other security and professional markets.
- *Capitalize on additional private security opportunities*
  - T3 Motion's focus on law enforcement has increased demand for the T3 Series ESV from other security markets. The Company is directing marketing efforts toward the sale of products into security sectors, including private security companies, corporate and educational campuses, manufacturing facilities, government offices, military bases, shopping malls, airports, ports, and events and sporting venues.
- *Expand the T3 Series product line to address broader markets*
  - T3 Motion believes that the modularity of its T3 Series ESV platforms allows for the configuration of additional vehicle offerings that address job-specific requirements, facilitating penetration into new and existing markets. The Company plans to leverage its technologies to expand into additional commercial sectors, such as delivery services, property management, and solutions for utility and maintenance providers, among others.
- *Continue to increase global sales*
  - The Company believes that international markets represent a significant growth opportunity. T3 Motion plans to continue to increase its presence in existing international markets, and to pursue new markets in Europe, Asia, Africa, and South America by expanding its network of international distributors and strategic partners, which are overviewed on pages 32-33 of the Core Story.
- *Leverage T3 Motion's brand reputation to enter the consumer market*
  - As the Company gains recognition, it plans to begin accessing consumer markets. To this extent, the Company introduced the T3 Series consumer version in December 2011, the T3 Power Sport, as well as scheduled a sample trial for its R3 Series consumer prototype in late 2012 or early 2013. In addition, T3 Motion is evaluating expansion of its product line for other consumer applications.

T3 Motion's growth strategy targets varying market segments that could benefit from cost-effective, clean technology transportation solutions. In a presentation at LD MICRO Conference, held in Los Angeles, California, on December 8, 2011, T3 Motion highlighted its research into the possible combined market opportunity for EV products. The Company estimates that the ultimate market opportunity for its EV products (assuming 100% penetration across its target segments) may exceed $7 billion, as summarized in Table 1 (page 8). It is important to note that this does not represent T3 Motion's current market, as the Company currently has less than 1% penetration in many of these sectors—leaving considerable space for growth.

Table 1

T3 Motion, Inc.

ESTIMATED MARKET OPPORTUNITY FOR THE COMPANY'S ELECTRIC VEHICLES (as of December 8, 2011)

	Agencies	Agencies Using T3 Motion's Products	T3 Motion's Current Penetration	Average Units/Agency (assumption)	Est. Ultimate Market Potential (assuming 100% penetration)
Law Enforcement (including campus police)	5,956	175	2.94%	2	$107,208,000
Airports	5,202	50+	0.96%	5	$234,090,000
Malls	48,000	303	0.63%	3	$1,296,000,000
Manufacturing and Industrial Firms	293,919	0		2	$5,290,542,000
Private Security Companies	13,000	22	0.17%	1	$117,000,000
Government Bases	5,311	3	0.06%	2	$95,598,000
Government Buildings	10,000	7	0.07%	2	$180,000,000
Total					**$7,320,438,000**

Source: T3 Motion, Inc.'s PowerPoint presentation (Slide 7) at the LD MICRO Conference (December 8, 2011).

Intellectual Property

T3 Motion relies on a combination of patents, copyrights, trademarks, and trade secrets to protect its proprietary technology. The Company currently owns the right to trademarks protecting its logos and images as well as three patents and six patent applications filed with the U.S. Patent and Trademark Office (USPTO). Table 2 summarizes T3 Motion's intellectual property, covering design and technology systems for its vehicles.

Table 2
T3 Motion, Inc.
INTELLECTUAL PROPERTY SUMMARY

U.S. Patents			
Title	Date	Number	Related Product
Vehicle Hood, Fenders, and Bumper	6/22/2010	D618,144	
Batteries and Battery Monitoring and Charging System	12/6/2011	8,072,185	T3 Series
Multi-phase Bipolar Brushless D.C. Motor*	11/21/1989	4,882,524	

U.S. Patent Applications			
Title	Date	Number	Related Product
Battery-Powered Vehicle Control Systems and Methods	9/17/2008	12/212,501	T3 Series
Single Wheel for Dual Tires	7/27/2010	12/844,654	R3 Series
Rechargeable Battery Systems and Methods	12/7/2010	12/962,388	R3 Series
Vehicle Body	9/1/2010	29/369,076	R3 Series
Three-Wheel Vehicle	4/22/2011	29/390,287	R3 Series
Conversion of Four-Wheel Vehicle to Three-Wheel Motorcycle	5/2/2010	61/478,128	R3 Series

**Acquired from Evolutionary Electric Vehicles*

Sources: T3 Motion, Inc. and the USPTO.

T3 Motion acquired perpetual rights to U.S. Patent #4,882,524, covering a multi-phase 10-horsepower **brushless DC motor** technology, from Evolutionary Electric Vehicles, a company founded in 2001 by Mr. Ki Nam, chief executive officer (CEO) and chairman of T3 Motion. Mr. Nam's biography is provided on page 10. T3 Motion plans to continue to develop the technology with the intent to use it in future motors for its products.

Company Leadership

Management

Table 3 lists T3 Motion's key management, followed by detailed biographies.

Table 3
T3 Motion, Inc.
MANAGEMENT

Ki Nam	Chief Executive Officer, Chairman of the Board
Noel Cherowbrier	Vice President of International Sales
David Fusco	Vice President of National Accounts
Peter McNicol	Vice President of Operations
Kenneth Cao	Vice President of Engineering

Source: T3 Motion, Inc.

Ki Nam, Chief Executive Officer, Chairman of the Board of Directors

Mr. Nam has extensive experience as an entrepreneur in product development. He has served as CEO of T3 Motion since March 16, 2006. After founding Paradigm Wireless Company in 1999, a supplier of wireless equipment to the telecommunications industry, he founded Aircept in 2000, a developer, manufacturer, and service provider in the **global positioning system (GPS)** marketplace that has since been acquired by CalAmp Corp. (CAMP-NASDAQ). In 2001, Mr. Nam founded Evolutionary Electric Vehicles to provide high-performance motor-**controller** packages to the emerging hybrid and electric vehicle market. Prior to founding his own companies, Mr. Nam worked at Powerwave Technologies, Inc. (PWAV-NASDAQ), where he helped guide the company to number five on a *BusinessWeek* list of "Hot Growth Companies" in 2000.

Noel Cherowbrier, Vice President of International Sales

Mr. Cherowbrier has served as vice president of international sales since 2007. Over the past 15 years, he has held various senior executive sales management positions at technology companies in the UK and U.S. He was executive vice president at Tecan UK, part of the Tecan Group, from 1995 to 2004 and president of Tecan USA from 2004 to 2007. Prior to that, Mr. Cherowbrier was global sales manager at Homark Ltd. from 1989 to 1995 and sales and marketing regional manager at Fast Moving Consumer Goods from 1986 to 1995.

David Fusco, Vice President of National Accounts

Mr. Fusco was named vice president of national accounts on October 1, 2010. Over the past 25 years, he has held senior executive sales management positions at Texas Instruments, Inc. (TXN-NASDAQ), Hewlett-Packard Company (HPQ-NYSE), and Compaq (acquired by Hewlett-Packard). From 2006 to October 2010, Mr. Fusco was a founder of Andal Holdings, LLC, and provided sales and management consulting services to a variety of companies. Mr. Fusco holds a B.S. from Miami University in Oxford, Ohio.

Peter McNicol, Vice President of Operations

Mr. McNicol has been part of T3 Motion's operations team since 2007, serving as operations manager, director of operations, and subsequently as vice president of operations in 2010. Before joining T3 Motion, he was director of operations/finance for Lumenyte International Corporation, a fiber optic lighting company, from 1999 to 2007. He was instrumental in setting up the manufacturing facility as well as the development of an under-vehicle lighting system designed for the U.S. Navy and deployed in all branches of the military and various government facilities, including bases in Iraq. From 1983 to 1999, Mr. McNicol worked with Brett Aqualine Inc., an original equipment

manufacturer (OEM) of hot tub equipment that has been listed in *Inc.* magazine's "Inc. 500" as the fastest growing private company in California.

Kenneth Cao, Vice President of Engineering

Mr. Cao has served as vice president of engineering for T3 Motion since March 2007. He joined T3 Motion in June 2006 as director of engineering. Prior to joining the Company, he was director of engineering at Power Wireless Systems/MOBI, where he was responsible for R&D, product development, engineering, and manufacturing for wireless infrastructure, radiofrequency power amplifiers, tactical mesh antenna (TMA), and antennas. From 2000 to 2005, Mr. Cao was director of engineering for Paradigm/Remec/Powerwave Technologies, Inc. (PWAV-NASDAQ), a global provider of end-to-end wireless infrastructure solutions for use in wireless communications networks. Mr. Cao also held various engineering positions at Motorola Mobility Holdings Inc. (MMI-NYSE) and Richardson Electronics Ltd. (RELL-NASDAQ) from 1987 to 2000.

Board of Directors

T3 Motion's Board of Directors oversees the conduct of and supervises the Company's management. Table 4 provides a summary of Board members, followed by detailed biographies.

Table 4
T3 Motion, Inc.
BOARD OF DIRECTORS

Ki Nam	Chief Executive Officer, Chairman of the Board
David Snowden	Director
Steven Healy	Director
Robert Thomson	Director

Source: T3 Motion, Inc.

Ki Nam, Chief Executive Officer, Chairman of the Board of Directors

Biography on page 10.

David Snowden, Director

Chief Snowden has served as a director of the Company since 2007. He has also served as the chief of police for Beverly Hills, California, for the past seven years. He has over 40 years of professional experience, including holding additional chief of police positions for Costa Mesa (1986-2003) and Baldwin Park, California (1980-1986). He has served on the Board of Directors for the California League of Cities and in several law enforcement organizations, including the League's Police Chief Department, the California Police Chiefs Association and Airborne Law Enforcement (ABLE). Chief Snowden was inducted to the Costa Mesa Hall of Fame in 2003 and was voted one of the top 103 most influential persons on the Orange Coast for 12 consecutive years. T3 Motion believes Mr. Snowden is suited to serve as a director of the Company due to his deep experience in and understanding of the law enforcement industry and his contacts within that industry. Mr. Snowden's experience and background with police departments and municipalities has enabled the Board and the Company to better understand the needs and interests of some of T3 Motion's primary clients.

Steven Healy, Director

Chief Healy has served as a director of the Company since 2007. Mr. Healy has been the director of public safety at Princeton University since 2003, and was the president of the International Association of Campus Law Enforcement Administrators (IACLEA) until June 2007. He has served as a member of the IACLEA government relations committee for the past 10 years and is active with issues regarding the Clery Act (Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act). Chief Healy was appointed by the governor of New Jersey to serve on the state's Campus Security Task Force. Prior to his position at Princeton University, he was the chief of police at Wellesley College in Wellesley, Massachusetts. He also served as director of operations at the Department of Public Safety at Syracuse University. During his tenure at Wellesley College, Chief Healy was the IACLEA North Atlantic regional director and president of the Massachusetts Association of Campus Law Enforcement Administrators. The Company believes that Mr. Healy is suited to serve as a director of T3 Motion due to his experience in private security markets and in particular with campus security issues, as well as due to his understanding of law enforcement in general.

Robert Thomson, Director

Mr. Thomson has served as a director of the Company since 2010. He has also been a director at Vision Capital Advisors, LLC since 2007, a New York-based private equity manager, where he oversees the firm's growth equity investments in consumer retail, industrials, and homeland defense and security companies. Vision Capital Advisors is the manager of two funds that hold debt and equity securities of T3 Motion—Vision Opportunity Master Fund, Ltd. and Vision Capital Advantage Funds LP. At Vision, Mr. Thomson manages investment opportunities for the funds and works closely with its portfolio companies in executing growth plans. He currently sits on the Board of Directors for Juma Technology Inc. (JUMT-OTC) and Microblend Technologies, Inc., a closely held company that develops automatic paint creation systems for retailers. From 2005 to 2007, Mr. Thomson was managing director of The Arkin Group, LLC in charge of operations, financial management, and growth strategies for this international business intelligence firm. Mr. Thomson holds an MBA from the Harvard Business School and a B.A. from Haverford College. He has studied Chinese language and history at Nankai University in China and Tunghai University in Taiwan. Mr. Thomson is also a term member on the Council on Foreign Relations. T3 Motion believes that Mr. Thomson is qualified to serve on its Board as a result of his broad experience advising other emerging growth companies and experience with other companies in the Company's target markets. He also has a deep understanding of capital markets, mergers and acquisitions, business restructuring, business development, fundraising, and investment strategies.

Core Story

T3 Motion, Inc. ("T3 Motion" or "the Company") designs, manufactures, and markets personal mobility technologies, specializing in cost-effective, clean technology transportation solutions for professional and consumer markets. Through the use of a proprietary power management system, which maximizes range and minimizes recharging time, the Company produces electric vehicles (EVs) with zero gasoline emissions targeted to meet the needs of a number of markets.

At present, there are approximately 3,000 T3 Motion vehicles in operation, spanning nearly 30 countries and over 700 customers worldwide, including more than 180 cities, municipalities, and police departments; over 50 airports and ports; 80 universities and college campuses; 40 private and corporate security forces; 400 retail institutions; and 30 government and military installations. The Company's EVs are used at locations ranging from retail security and college campuses to high-profile sites such as the Pentagon, U.S. Federal Bureau of Investigation (FBI) and Central Intelligence Agency (CIA) offices, the New York City subway system, the U.S. National Railroad Passenger Corporation (Amtrak), and military installations.

The accompanying pages overview the history and current market dynamics of the EV industry, followed on pages 19-30 with a description of each of T3 Motion's novel product offerings, including key specifications, images, deployment status, and anticipated strategies for further expansion. Lastly, pages 30-36 describe the Company's current customer base, with a snapshot of the types of agencies purchasing T3 Motion's EVs provided in Tables 8-11 (pages 34-36).

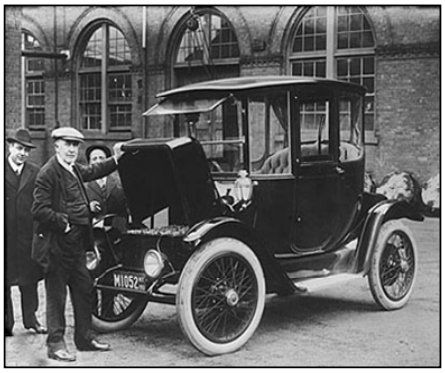
ELECTRIC VEHICLE (EV) BACKGROUND

Instead of being powered by a gasoline or internal combustion engine (ICE), EVs are alternative-design vehicles that run on electric motors where electricity is provided by a battery array. Hybrid cars use a combination of electric motor and conventional ICE for propulsion. In contrast, pure EVs, such as those made by T3 Motion, are powered exclusively by the electric energy stored in the internal batteries. By avoiding the use of gasoline, cars that are all-electric are environmentally friendly in that they do not produce tailpipe emissions. They also enable a reduced dependency on oil and can cost less to maintain than standard ICE vehicles.

History and Adoption of EVs

EVs have been around for much longer than many people are aware. In the late 1890s, EVs outsold gasoline cars ten-to-one (Source: the Electric Auto Association [www.electricauto.org]). Some automobile companies, such as Oldsmobile and Studebaker, began as successful EV companies, later transitioning to the production of gasoline-powered vehicles. Figure 3 illustrates Thomas Edison inspecting an electric car in the early 1900s.

Figure 3
EARLY EV PRODUCTION



Source: Institute for Energy Research (October 19, 2010).

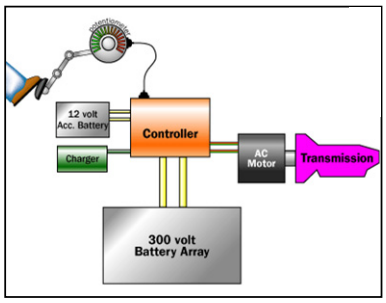
As more people purchased vehicles, the lack of an electric infrastructure outside of city boundaries limited EVs to city-only travel. This limitation, coupled with the invention of an electric starter for gasoline-powered cars that eliminated the need for a difficult and dangerous crank to start the engine, contributed to the decline of EVs. By the end of World War I, mass production of electric cars ended and EVs became niche vehicles (Source: Electric Auto Association).

However, recent growing environmental concerns have resulted in tougher emissions regulations and fuel economy standards. As well, oil prices are rising and often unstable, and countries are increasingly seeking energy independence (non-reliance on foreign sources of oil). Each of these factors, among others, are contributing to a resurgence of EVs as viable transportation options (Source: Deloitte Consulting LLP's *Gaining traction: A customer view of electric vehicle mass adoption in the U.S. automotive market*, 2010). In addition, the U.S. government has emphasized the development and adoption of EVs, with President Barack Obama calling on the U.S. to "become the first country to have a million electric vehicles on the road by 2015" in his January 2011 State of the Union address (Source: FOXBusiness' *Administration's Electric Car Initiative Speeding Ahead*, April 25, 2011).

Advantages of the Electric Motor

Figure 4

BASIC DIAGRAM OF AN EV ENGINE



Source: HowStuffWorks.com.

EVs are powered by electricity stored in large rechargeable batteries. Figure 4 depicts the basic configuration of an electric engine. An EV replaces the gasoline engine with an electric motor. The motor receives its power from a controller, which is in turn powered by rechargeable batteries.

In a gasoline engine or ICE, an accelerator increases the amount of fuel being burned to speed up the vehicle. In contrast, an electric car accelerates by increasing the electrical flow. When the pedal is pressed in an EV, **potentiometers** signal the controller with how much power should be delivered to the motor based on the force used to press the pedal. The controller reads the amount of pressure applied to the accelerator pedal and translates that into an amount of electricity.

Electric motors have several advantages over ICE options, primarily related to operating costs. EVs do not require gasoline to operate and use standard electricity plug-ins to charge their batteries, with some electric car manufacturers claiming operating costs as low as $0.01 per mile, compared to $0.08 to $0.10 per mile for the most fuel-efficient gasoline engine vehicles (Source: Cars Direct' *Electric Car Costs vs Gasoline Cars vs Hybrids)*. In addition, EVs maintenance costs also offer advantages over ICEs. EVs have fewer moving parts and do not require tune-ups, oil changes, filter changes, or emission tests, translating into lower maintenance costs (Source: The Car Electric's *What are the Maintenance Costs of an Electric Car?*).

Additional benefits of EVs are related to clean energy and increasing energy efficiency. EVs do not emit tailpipe pollutants, thereby reducing the transportation sector's greenhouse gas (GHG) emissions at the end-user level. Electric power is mostly a domestic energy source, which reduces energy dependence on the Organization of Petroleum Exporting Countries (OPEC) and other oil-producing countries (Source: U.S. Environmental Protection Agency [EPA]). In 2010, the U.S. consumed over 19 million barrels of oil per day. The majority of U.S. oil is imported, with transportation accounting for over 70% of the total (as of 2009). As of 2008, the economic cost of oil dependence for the U.S. was estimated at half a trillion dollars: $350 billion in wealth transfer and $150 billion in lost GDP (Source: Pew Center on Global Climate Change's *Plug-in Electric Vehicles Market: State of Play* 2011). Table 5 (page 15) summarizes performance characteristics of both electric engines and ICEs.

Automotive technological advances have made it possible to design and manufacture EVs with better performance than gasoline-powered counterparts. Electric motors provide quieter and smoother operation, stronger acceleration, and require less maintenance than ICEs. It took over 60 years for the first gas-powered car, the Chevrolet Corvette, to accelerate from zero to 60 mph in under four seconds. The Tesla Roadster, the first mass-produced **lithium-ion battery**-powered car, achieved that feat in its first model (Source: the University of California, Berkeley's *Electric Vehicles in the United States: A New Model with Forecasts to 2030* [2009]).

Table 5

EV VERSUS ICE ON SEVERAL KEY MEASURES

	Electric Engine	Gasoline Engine
Environmental Impact	No Tailpipe Emissions	Greenhouse Gases/Pollution
Fuel/Power Supplier	Utility Company (domestic)	OPEC (foreign)
Range	100+/- Mile Range	300+ Range
Recharge/Refuel Time	Hours to Recharge*	Minutes to Refuel
Cost of Operation	$0.02 per Mile	$0.12+ per Mile

* T3 Motion has developed a system to overcome long recharge time. The Company's replaceable power modules allow continuous vehicle operation with less than one minute required for hot-swapping the plug-and-play battery module.

Source: Hybridcars.com

Electric motors are more energy-efficient, as they convert 75% of the chemical energy from the batteries to power the wheels—ICEs only convert 20% of the energy stored in gasoline (Source: EPA). However, despite its inefficiency in converting stored energy, gasoline and diesel provide higher **energy density** than batteries. Energy density is the amount of energy stored in a given system in terms of weight and volume, and is a measure of battery performance and cost of operation. Gasoline and diesel provide energy densities of 13 kWh/kg and 12.7 kWh/kg, respectively, versus 0.16 kWh/kg produced by the last generation of lithium batteries (Source: the REVE Project, a Spanish government-backed electric car and wind power project [http://evwind.es/]).

Primary Barrier to Widespread EV Adoption: Battery Performance

Despite the aforementioned advantages of EVs, full adoption of this technology continues to depend on the development of cost-effective technology that can overcome the main challenges posed to the EV industry—battery performance and price. As such, most perceived disadvantages of EVs are related to battery technology and consumers' resulting loss of autonomy and convenience. Further, the cost of an EV or plug-in hybrid is dependent, to a significant extent, on the battery, which determines maximum speed, autonomy between recharges, recharge time, and battery operative life.

Prevalent Existing Battery Technologies

The battery options most commonly used in EVs are overviewed below.

- **Lead-acid batteries** are the oldest and most economical option. They are bulky and heavy but long lasting and low cost. In addition, over 90% of battery lead is typically recycled (Source: Battery Council International 2005). Historically, the lead-acid battery has been one of the most commonly recycled consumer products in the U.S.

- **Nickel-Metal Hydride batteries (NiMH)** are smaller than lead-acid batteries and offer improved performance but also have a higher cost. NiMH batteries store two to three times more electricity in the same weight, thus energy density can reach 0.08 kWh/kg. However, NiMH batteries are affected by memory effect, which is a power-loss phenomenon by which a rechargeable battery begins to lose its charge the more it is used, effectively decreasing power capacity and battery life over time. The Toyota Prius hybrid employs a NiMH battery system (Source: the *New York Times'* "Building Better Batteries for Electric Cars," March 30, 2011).

- Lithium-ion and **lithium-polymer batteries** may provide the best performance and range in addition to being smaller in size. Whereas NiMH batteries have increased energy density versus lead batteries, lithium-ion batteries can further improve energy density by two to three times that of the NiMH battery. Accordingly, they are among the most costly batteries. Lithium-ion energy density reaches 0.12 kWh/kg without memory effect. Lithium-polymer batteries are similar to lithium-ion batteries but they provide a higher energy density, reaching up to 0.16 kWh/Kg, and have an ultra-light design (Source: the REVE Project).

Lithium-ion and lithium-polymer batteries are expected to power the next generation of hybrid and electric plug-in vehicles. Today, greater numbers of cars with electricity as their primary power source (e.g., the Nissan Leaf or the Chevy Volt) are using a form of lithium-ion or lithium-polymer chemistry in their batteries (Source: the *New York Times*' "Building Better Batteries for Electric Cars," March 30, 2011).

Range Anxiety and Recharge Time

The lack of affordable, highly functional batteries has been a barrier to the adoption of vehicles powered solely by electricity (without a supplemental gasoline system). One of the main issues inhibiting EV use is their limited driving range versus ICE alternatives, commonly referred to as range anxiety. As batteries have a specified capacity, the range that an EV can travel on a single charge is limited to approximately 100 to 200 miles versus over 300 miles (or more) that an ICE or hybrid engine can travel before refueling. A recent consumer survey indicated that almost 75% of people would need an EV to travel 300 miles on a single charge before considering a purchase (Source: *Gaining traction: A customer view of electric vehicle mass adoption in the U.S. automotive market*, 2010).

Range anxiety concerns are increased by the need to recharge EVs' battery packs, a process than can take several hours to complete. Only 17% of consumers surveyed have responded that they would be willing to spend eight hours charging their vehicle at home. However, if the charging time is reduced from eight hours to four hours, consumer ownership willingness doubles (Source: *Gaining traction: A customer view of electric vehicle mass adoption in the U.S. automotive market*, 2010).

Vehicle Cost

At current prices, EVs are considered to be more expensive than equivalent ICE options. The most costly component of an EV is the battery pack. Although 43% of U.S. consumers would be "extremely" or "very" interested in purchasing an EV, price sensitivity analysis has found that the premium consumers are willing to pay for EV ownership is significantly below current pricing (Source: Pike Research's *Electric Vehicle Consumer Survey*, 2010). In addition to the higher price, most available EV batteries have a relatively short life span, which might require EV users to replace the bulky and costly batteries one or more times during the ownership period.

Electric Grid Concerns

Another issue is the potential effect of widespread EV adoption on the electric grid infrastructure. Over the past two decades, the U.S. power grid has experienced a steep increase in non-disaster related outages and rolling blackouts, where blackouts affecting more than 50,000 people have increased by 124% (Source: CNN Tech's *U.S. electricity blackouts skyrocketing*, October 15, 2010). As EV adoption increases, it may be necessary to upgrade local power infrastructure. A cluster of EV owners (early adopters of the technology) may overload transformers and destabilize local power distributions, where transformers have historically handled electricity load for about 10 average-sized homes (Source: *Scientific American's Will Electric Cars Wreck the Grid?,* August 13, 2009). However, multiple studies have ultimately found that the current power grid could handle millions of electric cars, mostly because EV adoption is expected to be gradual, giving utilities enough time to adapt (Source: Discovery News' *Electric Vehicles Won't Bring Down the Power Grid*, July 13, 2010).

Solutions Increasing the Attractiveness of All-electric Vehicles

The EV industry is focused on improving battery technologies to increase driving range and decrease recharging time, weight, and cost. During the past decade, technology improvements have resulted in increased operative life and storage capacity, the suppression of the memory effect, and lower costs. These breakthroughs have increased the attractiveness of EVs, particularly as next-generation batteries are achieving ranges of more than 300 miles and charging times of less than two hours in some models equipped with high-powered "smart" chargers. These technological breakthroughs, coupled with mid- and short-term economic, political, social, and environmental advantages, could overcome many of the perceived disadvantages.

As detailed on pages 19-28, T3 Motion is also developing and commercializing innovative transportation technologies, particularly its proprietary power management capability (described on page 20) that is incorporated into its EVs. The Company also leverages technologies for hot-swapping power modules to produce all-electric vehicles that can be run continuously with less than a minute of downtime for swapping battery packs in contrast to the hours of recharging time needed between uses of many other EV offerings. This strategy has increased the flexibility and convenience of employing EVs for transportation and largely alleviates range anxiety.

Deploy Recharging Stations

Industry-wide, the availability of infrastructure to support EVs is a key component in overall acceptance. Although gas station infrastructure is well developed, an equivalent system does not exist for EVs. Roughly 54% of surveyed consumers stated that they would not consider purchasing an EV until charging locations were widely available (Source: *Gaining traction: A customer view of electric vehicle mass adoption in the U.S. automotive market*, 2010). Globally, many government agencies have begun subsidizing a network of charging stations to create a "public good" infrastructure for advancing EV ownership. Examples include British, Danish, French, German, and Israeli governments, which have allocated resources for the creation of an electric car infrastructure.

In the U.S., a number of companies have begun providing domestic infrastructure and services in support of EVs. These firms, which are working to construct EV charging networks, are often supported in part by government funding. Examples of EV infrastructure companies include closely held, California-based Better Place (www.betterplace.com), closely held Coulomb Technologies, Inc. (www.coulombtech.com), and Ecotality, Inc. ([ECTY-NASDAQ] www.ecotality.com). Better Place plans to install 250,000 charge stations in California's Bay Area and is working in other regions as well, such as Canada, Denmark, Japan, Israel, and Hawaii to establish similar projects. Under "The EV Project," a public-private partnership funded in part by the U.S. Department of Energy (DOE) through a federal stimulus grant, Ecotality began installing EV charging stations in major U.S. cities in February 2011. The company is working to deploy approximately 14,000 of its Blink™ commercial and residential charging stations in 18 major metropolitan areas in six states plus D.C. (Source: Ecotality's September 8, 2011, Press Release). Based on these and other projects in development, more than 4.7 million EV charge points could be installed globally by 2015 (Source: Pike Research's *Electric Vehicle Consumer Survey*, 2010).

Reduce the Time to Recharge

In addition to establishing supportive infrastructure, EV makers are evaluating techniques to minimize the time it takes to recharge the vehicle's battery. One option, which T3 Motion is capitalizing on for its T3 Series ESV, is to produce cars with swappable batteries. Approximately 79% of consumers surveyed would consider battery swapping as an alternative to charging their vehicle (Source: *Gaining traction: A customer view of electric vehicle mass adoption in the U.S. automotive market*, 2010). Creating a network of battery charging and swapping stations could result in driving ranges comparable to that provided by the existing gas station network, easing range anxiety (Source: the University of California, Berkeley's *Electric Vehicles in the United States: A New Model with Forecasts to 2030* [2009]).

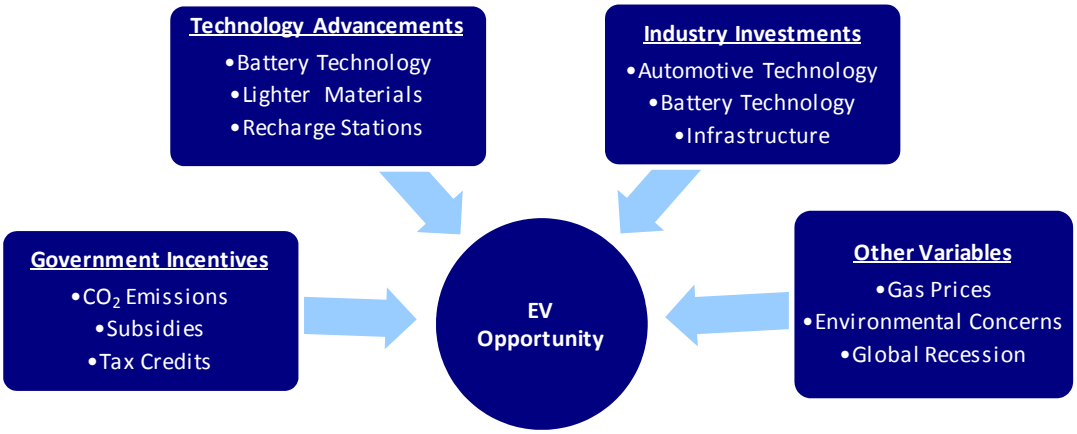
In the U.S., EV use is encouraged by federal and municipal government incentives, such as the DOE's Advanced Technology Vehicles Manufacturing Loan Program established in 2007 and funded in 2008. This program has allocated over $25 billion in loans directed to encourage the development of advanced technology vehicles, including development and manufacturing of EVs. In addition, in 2009, over $2.4 billion was earmarked for development of advanced battery technologies (Source: the Cascade Policy Institute's *A Free Market Perspective on Electric Vehicles*, 2009). Furthermore, consumer-use EVs purchased in or after 2010 may be eligible for a U.S. federal income tax credit of up to $7,500, in addition to existing state tax credits in some locations (Source: EPA).

Market Drivers

As illustrated in Figure 5, technology advancements, together with industry and government investment and incentives supporting additional automotive improvements and infrastructure, are expected to ultimately determine the widespread acceptance of EVs across mass markets.

Figure 5

KEY DRIVERS OF EV ACCEPTANCE



Sources: Deloitte Consulting LLP and Crystal Research Associates, LLC.

By 2015, sales of electric and hybrid vehicles could exceed 2.6 million units globally, with some estimates placing this figure even higher, at 3.2 million units by 2015 (Sources: Global Industry Analysts, Inc.'s *Electric Vehicles: A Global Strategic Business Report* [2010] and Pike Research's *Electric Vehicle Consumer Survey* [2010]). A report from the University of California, Berkeley forecast that EVs could account for 64% of U.S. light-vehicle sales by 2030 (Source: *Electric Vehicles in the United States: a New Model with Forecasts to 2030*). This growth in EV transportation is being driven by new products and technologies offering improved performance and efficiencies (as described on the preceding pages), as well as greater environmental awareness and plans to reduce dependencies on foreign oil, among other policy initiatives.

Similarly to the EV industry as a whole, the market for all-electric vehicles is expected to expand as new technologies are designed to meet the needs of certain customer bases where the advantages of EVs outweigh the limitations—specifically government and commercial markets such as those targeted by T3 Motion. A description of the Company's current customer base, which encompasses public safety, law enforcement, security, private industry, military, governments, consumers, and global sales, is provided on pages 30-33, accompanied by overviews of these sectors and a selection in Tables 8-11 (pages 34-36) of specific past and current T3 Motion customers.

The commercial market is characterized by several additional factors contributing to the adoption of EVs in this sector, as listed below.

- While passenger cars are designed to handle long trips and inconsistent drive patterns, many commercial vehicles are used for standard daily routes of 30 miles or less that fall within the range of current EVs.

- Most commercial fleets are depot-based, which allows the owner to easily consolidate charging systems. In some cases, the infrastructure needed for charging/battery swapping is already in place.

- The electric motor may be simpler and is less prone to high-cost service repairs and maintenance than ICE engines, particularly given that commercial vehicles are heavily used. Fleet operators may benefit from the per-mile cost savings of EVs versus gasoline or diesel units.

T3 MOTION'S PRODUCT PORTFOLIO

T3 Motion's product portfolio includes cost-effective, environmentally conscious, EV transportation solutions for the professional and consumer market. The Company believes that its technology and product portfolio benefit both its end-users and the environment. According to T3 Motion's estimates, from their introduction in 2007 through January 2011, the Company's EVs have logged an excess of 20 million miles, resulting in a reduction of over 12,000 tons of CO_2 emissions and an estimated savings of over $9 million in operating costs by its professional customers.

The Company's chief product, the T3 Series electric stand-up vehicle (ESV), is an electric, three-wheel unit originally designed for law enforcement and private security, but applicable to a range of government and consumer segments. In April 2011, the Company entered the consumer market with the R3 Series prototype, followed in December 2011 with the T3 Series' consumer vehicle, the T3 Power Sport. To complement its transportation solutions, T3 Motion is also a provider of security products that can either be vehicle-mounted or used independently.

Importantly, T3 Motion's existing product models can be adapted to cater to additional customer segments. To this extent, the Company plans to expand on its platform by configuring EVs for functions such as delivery services, personnel transport, and personal mobility, among many others. An example of this is the Company's T3 Non-Lethal Response Vehicle (NLRV), introduced in October 2011, and shown in Figure 12 (page 25). The T3 Series ESV sold in the U.S. has already been modified for international sales under the T3 i-Series product line.

Figure 6 depicts T3 Motion's product portfolio, with detailed descriptions of each line provided on pages 20-30.

Figure 6
T3 Motion, Inc.
PRODUCT PORTFOLIO

Commercial	Consumer	
T3 Series ESV	R3 Series	T3 Power Sport
		

Security Products			
T3 License Plate Recognition System (T3 LPR)	Motiontrak 300 Series Data Recording System	360IP-DN Standalone 360-Degree Camera	TVS-4050WK Wireless IP Video Monitoring System
			

Source: T3 Motion, Inc.

T3 Motion's Proprietary Power Management Technology

Figure 7
T3 Motion, Inc.
T3 SERIES ESV SWAPPABLE POWER MODULES

Source: T3 Motion, Inc.

T3 Motion's proprietary power management system and swappable batteries are at the core of its T3 Series ESV. With efficient, simple, and safe power management technology, T3 Motion has designed EVs with maximal ranges and minimized recharging times. The T3 Series ESV is equipped with replaceable power modules that allow continuous vehicle operation without the downtime required for charging. The plug-and-play swappable battery modules, depicted in Figure 7, can be hot-swapped in less than one minute, providing 24-hour unlimited range operation, reducing downtime, and resolving range anxiety.

T3 Series and T3 i-Series Electric Stand-up Vehicle (ESV)

The T3 Series ESV is a three-wheel, front-wheel drive vehicle powered by an all-electric motor. Consequently, it does not produce gasoline emissions. It is driven by a person standing up. Launched in 2006, the T3 Series ESV is available in both the U.S. and internationally. The T3 i-Series is built to metric specifications and in compliance with international standards.

T3 Motion incorporated professional feedback from law enforcement and security personnel for the design, features, and performance characteristics of the T3 Series line. This interaction resulted in functionality that meets the requirements of law enforcement and private security in an environmentally friendly and cost-effective manner. T3 Series ESVs enhance patrol effectiveness, reduce officers' fatigue, increase response times, and improve officers' ability to interact with the community. This vehicle enables the operator to respond to calls faster and with lower physical exertion. When driving a T3 Series ESV, officers can patrol larger areas than on foot or bicycle, while maneuvering through crowded pedestrian locations or off-road paved areas where cars and other modes of transportation cannot easily access. T3 Motion estimates that with its ESVs, one person can patrol an area normally requiring four people.

In addition, police presence is increased, which in itself is a deterrent to crime. In a previous five-city trial of the T3 Series ESV in Israel, T3 Motion reported that people complained of a decrease in police personnel after the trial, even though the same number of officers were on duty after the trial as during it. As well, effective beat patrols and community policing depend on building positive relationships with businesses and residents. As such, the ESV has an added benefit of improving officers' approachability with the public due to its open rider platform. Figure 8 illustrates the T3 Series ESV employed by a foreign police force.

Figure 8
T3 Motion, Inc.
THE T3 SERIES ESV (AND I-SERIES) IS USED BY OVER 150 POLICE DEPARTMENTS GLOBALLY

Source: T3 Motion, Inc.

Global, High-profile Deployment

T3 Series ESVs are deployed throughout U.S. and international locations within the law enforcement, government, military, private industry, and security markets. T3 Motion is a General Services Administration (GSA) Schedule approved supplier, which grants it a preferred vendor position with the government. Over 700 agencies utilize the T3 Series for public safety applications, such as police agencies, school campuses, malls, military installations, hospitals, and parking facilities. T3 Series ESVs are even employed at high-profile locations, such as Andrews Air Force Base, CIA and FBI buildings, the New York subway system, Amtrak, Disneyland, and military bases and installations. In January 2011, the Pentagon deployed two T3 Series ESV units to assist with perimeter security. As the U.S. Department of Defense's headquarters, the Pentagon has approximately 23,000 employees and 17.5 miles of corridors. In addition, T3 Motion's ESVs have facilitated security at major events, such as the Tour de France, Rose Parade, Super Bowl XLV, G20 Summit, and Grand Prix Formula One races.

The T3 Series has been featured in television and print media showcasing its design, benefits, and convenience. These ESVs have received recognition for their iconic design, including the Innovation Award for Best Vehicle at the 2007 International Association of Chiefs of Police (IACP) Convention, the 2007 Spark Award in the Vehicle Mobility category, and the *Law and Order* Magazine's 2009 annual vehicle graphics design contest. In August 2011, T3 Motion was named a finalist for "Company of the Year" through CleanTech OC, a trade association promoting Orange County's clean technology industry.

Cost Efficiencies

The T3 Series ESV is intended to have lower operating costs than gasoline-powered counterparts due to the decreased maintenance on the simpler electric motor (which has fewer parts than gas engines). The T3 Series uses approximately 1.5 **kilowatts** of electricity to fully recharge its B-type power modules, with a range of 25 miles per charge. T3 Motion offers two different power module options, with ranges of 25 miles (B-type) and 50 miles (C-type). Assuming a $0.10 per kilowatt/hour energy cost, the cost to recharge the T3 Series over a distance of 10,000 miles is less than $60—the equivalent of over 500 miles per gallon. T3 Motion calculated the operating cost for its units at $0.10 per day based on an average daily distance of 15 to 20 miles for a security vehicle. In addition to cost savings, the electric T3 Series delivers reductions in carbon footprint versus traditional fossil fuel vehicles.

T3 Motion has conducted first-party operating cost analysis with multiple national security, property management, and law enforcement entities focusing on the use of a T3 Series ESV versus a gasoline-powered automobile. From these studies, the Company found that the use of its vehicles may translate into an annual operating savings of $17,500 to $24,500 per gas vehicle replaced, yielding a return on investment (ROI) of approximately seven months.

Performance and Specifications

Table 6 (page 22) summarizes the T3 Series vehicles' performance benefits and specifications. The ESV is powered by proprietary swappable battery modules, which minimize downtime and enable unlimited range. It is capable of speeds of up to 20 mph with a zero-degree turning radius for improved maneuverability and supports a load of 450 pounds (rider plus equipment). The ESV accesses restricted spaces, including elevators and narrow corridors, handles curbs, and delivers a quiet, emission-free operation. Drivers stand on an elevated nine-inch platform, providing a vantage point to evaluate situations and making the surrounding public aware of the officer's presence while still allowing for interaction with the community. In addition, a low center of gravity provides stability and agility.

Table 6
T3 Motion, Inc.
PERFORMANCE AND SPECIFICATIONS

Electric Motor	Zero gas emissions, clean energy vehicle
Easy to Operate	Simple and intuitive to drive
Economical	Operating costs of less than an estimated $0.10 per day
Unlimited Range	Field swappable power modules
Charge Time	3 hours to 4 hours
Enhanced Visibility	9-inch raised standing platform
Agility	0-degree turning radius
Integrated LED Lighting	Headlights, brake lights, running lights, and emergency lights
Speed Range	T3 Series (5 mph to 20 mph), T3 i-Series (8 km/h to 25 km/h); User selectable
Cargo Capacity	T3 Series (450 pounds), T3 i-Series (175 kg); Rider plus equipment

Source: T3 Motion, Inc.

The T3 Series and T3 i-Series have hydraulic disc brakes on both rear wheels, 17-inch, low-profile motorcycle tires for long tread wear, and a reversible rear tire design that allows customers to set up the T3 Series in a wide stance (36" wide) or narrow stance (32" wide), depending on their needs. The vehicles are also equipped with an integrated LED emergency lighting system, an LCD control panel display, and high-intensity LED lighting for vertically adjustable headlights and taillights. The law enforcement T3 Series ESV also features a siren. Figure 9 highlights several of the key features of the ESV with both front and back views of the unit.

Figure 9
T3 Motion, Inc.
T3 SERIES ESV FEATURES

Source: T3 Motion, Inc.

Wide-ranging Platform

Going forward, T3 Motion plans to introduce a series of product variants and new product lines based on the T3 Series platform. The Company intends to expand the T3 Series' modular design to configure vehicles for additional professional and consumer uses, targeting new markets.

Variations of the T3 Series ESV have already benefited a range of jobs, such as delivery services and personnel transport. T3 Series vehicles can be configured to meet job requirements by using accessories that include, among others, a parcel delivery trailer, shotgun mount, and varying cargo configurations—a front-mount external storage case for mail and parcels and a side-mount external storage pack for additional space. Optional technology includes the Company's license plate recognition system, described on page 28, an optional on-board video camera system, and a digital video recorder. The T3 Series ESV is also present in over 30 government and military installations, and the Company is working toward the development of additional military-specific products to expand these applications. Figure 10 depicts some of the innovative uses of the T3 Series ESV.

Figure 10

T3 Motion, Inc.

WIDESPREAD USE OF T3 MOTION'S ALL-ELECTRIC, STAND-UP VEHICLE: THE T3 SERIES AND I-SERIES ESV

New York City Subway	Qatar	Tour de France
		

Military	U.S. Postal Service	EMS Configuration
		

Source: T3 Motion, Inc.

The T3 Series ESVs are also employed at educational institutions, and may be suited for universities and schools at all levels. In 2009, there were more than 4,400 higher education institutions in the U.S. (Source: U.S. Department of Education's National Center for Education Statistics). Campus safety patrols require vehicles that are comfortable and easy to operate as well as agile and quick in responding to an emergency situation. To this extent, the University of Southern California (USC) started a trial period with the T3 Series ESV in 2007. Since then, USC has purchased 28 ESVs. The right vehicle can also have an important role in developing positive community relations with faculty, staff, and students. T3 Motion believes that the ease of maneuverability of its T3 Series ESV can be beneficial for any number of large crowds, including student move-in days, football games, and other campus events. In addition, the vehicles' quiet operation and lack of emissions enables indoor patrols of large buildings.

Package Delivery

With as many as 260,000 vehicles, including 142,000 **Grumman mail delivery trucks** at its disposal, the U.S. Postal Service (USPS) operates one of the world's largest civilian fleets, although it has recently begun facing pressure to downsize. Most of its vehicles offer below-average gas mileage, with estimates of past gasoline use for delivering mail topping 720 million gallons each year. The Grumman postal truck, in particular, only yields roughly 10 mpg (Source: The Car Connection's *Congress Considers Adding 20,000 Electric Vehicles to USPS Fleet*, 2010). Transitioning these vehicles to EVs could be a significant cost reduction for the financially troubled postal service, which announced that it expects to lose $238 billion over the next decade because of steep declines in mail volume and regulatory restrictions (Source: *The Washington Post's "*U.S. Postal Service to Test a Repurposed Electric Vehicle Fleet," 2010).

Emergency Medical Services (EMS)

Emergency medical teams are among the public safety personnel who encounter difficult conditions, such as large crowds, uneven surfaces, and constrained spaces in order to reach people in need of medical attention. As shown in Figure 10, the T3 Series ESV can be equipped and optimized for EMS operation, allowing EMS personnel to safely and quickly navigate through crowds, access interior spaces (e.g., elevators) with equipment, and arrive faster to emergency locations. Special cargo configurations designed for EMS use allow for storage of medical supplies and necessary equipment.

Eco-sensitive Manufacturing

T3 Motion maintains a commitment to clean technology in its manufacturing as well as its product development. The ESV is constructed with environmentally friendly materials and techniques. Each T3 Series vehicle is built using a lead-free assembly process, including **printed circuit board assemblies (PCBA)** made from lead-free materials, and lead-free paint and cover coats. The T3 Series body is composed of fully recyclable **polycarbonate ABS** blend plastics, and the metals used in the frame as well as the tires are recyclable. Furthermore, the T3 Series' lithium-polymer batteries have a three- to five-year life span, after which T3 Motion offers a battery-recycling program.

T3 Power Sport

In December 2011, the Company announced the launch of a T3 Series consumer version, the T3 Power Sport (pictured in Figure 11). While based on the T3 Series technology and platform, the T3 Power Sport incorporates configuration and external design changes geared toward the needs of consumer users. The T3 consumer vehicle is 100% electric, powered by lithium-polymer batteries with a top speed of 12 mph and a range of up to 40 miles on a single charge. According to the Company, taking advantage of the T3 modular capabilities has allowed T3 Motion to build the consumer version with minimal investment. T3 Motion expects the T3 Power Sport to be available in the first quarter 2012.

Figure 11
T3 Motion, Inc.
T3 POWER SPORT

Source: T3 Motion, Inc.

The vehicle offers a customizable look, incorporating different colors, graphics, and optional accessories such as a camera, GPS, and iPhone/iPad docking stations. The design modifications maintained specific style elements that make the T3 Power Sport recognizable as part of the T3 Motion family, a key driver in the Company's efforts to continue to build a recognizable brand name among both consumer and professional users.

With this version, T3 Motion intends to capitalize on what it perceives to be the largest market for EVs: the consumer market. The Company believes that the competition for its new line includes motorized recreational vehicles and ATVs. The T3 Series' short learning curve and low operational costs increase its suitability for recreational use, beach and residential communities, and tour operator vehicles.

In addition to the new revenue stream, T3 Motion expects to benefit from savings derived from manufacturing efficiencies due to higher volume production of T3 building block components and technology. The Company plans to market the T3 Power Sport directly and through a network of car, motorcycle, recreational vehicle, and golf cart dealerships.

T3 Non-Lethal Response Vehicle (NLRV)

In October 2011, the Company announced the launch of an additional product line, the T3 NLRV (pictured in Figure 12), designed to provide law enforcement with humane and safe alternatives during riots and violent protests. The T3 NLRV is built on the T3 Series platform, incorporating the core T3 Series technologies to provide the same maneuverability, clean technology, and 24-hour patrol capabilities.

In addition, the T3 NLRV incorporates features that improve its effectiveness in situations requiring crowd control, allowing security and law enforcement agencies to maintain control while emphasizing the safety of citizens and police officers. The semi-automatic, non-lethal launchers are compatible with various types of non-lethal ammunition, including pepper balls, water balls, dye markers, or rubber projectiles, and are easily accessible by the officer. Each vehicle can store up to 10,000 rounds, allowing for long deployments that could not be achieved by an officer on foot. In addition, high-intensity LED deterrent strobe lights, specifically designed to deter a disorderly crowd, a riot shield to physically protect the officer from crowds, puncture-proof tires, and video recording capabilities are incorporated into each vehicle.

Figure 12

T3 Motion, Inc.

T3 NON-LETHAL RESPONSE VEHICLE

Features of the T3 NLRV

- High-capacity, swappable batteries
- 700 rounds per minute non-lethal shooting capabilities
- High-capacity air tanks with up to 10,000 rounds of shooting capability
- A high-intensity LED deterrent light—up to 40,000 lumens
- A riot shield
- Video recording capability
- A PA system
- Puncture-proof tires

Source: T3 Motion, Inc.

R3 Series Consumer EV (Prototype)

In April 2011, T3 Motion completed its R3 plug-in consumer EV prototype, as depicted in Figure 13. The prototype is on display at Company headquarters in Costa Mesa, California. The two-passenger vehicle represented T3 Motion's first entry into the consumer market.

Figure 13
T3 Motion, Inc.
R3 SERIES PROTOTYPE

Source: T3 Motion, Inc.

T3 Motion capitalized on its expertise derived from the development of the T3 Series technology for its consumer product, the R3 Series. The R3 prototype incorporates the Company's proven intelligent power management technology, as well as additional technical features currently in use on its professional offerings.

The R3 features a proprietary, patent-pending, single, wide-stance rear wheel design with two high-performance tires sharing one rim on a **multi-link, dual shock suspension** system, as shown in Figure 14. T3 Motion believes that the two-tire, one-wheel design improves traction, while the low rolling resistance and rounded profile of the rear tires increases energy efficiency. The rear suspension system, based on Formula One absorption systems, is designed for handling without compromising stability.

Due to its three-wheeled design, the R3 Series is considered to be a motorcycle, permitting its sale without the lengthy testing requirements imposed on cars and trucks. As such, T3 Motion may be able to achieve a more cost-effective and rapid entry into the consumer market. In contrast, development of a four-wheel EV often requires more time and money. T3 Motion believes that other companies may spend in excess of two to three years and millions of dollars developing and testing four-wheel EVs.

Figure 14
T3 Motion, Inc.
REAR WHEEL DESIGN

Source: T3 Motion, Inc.

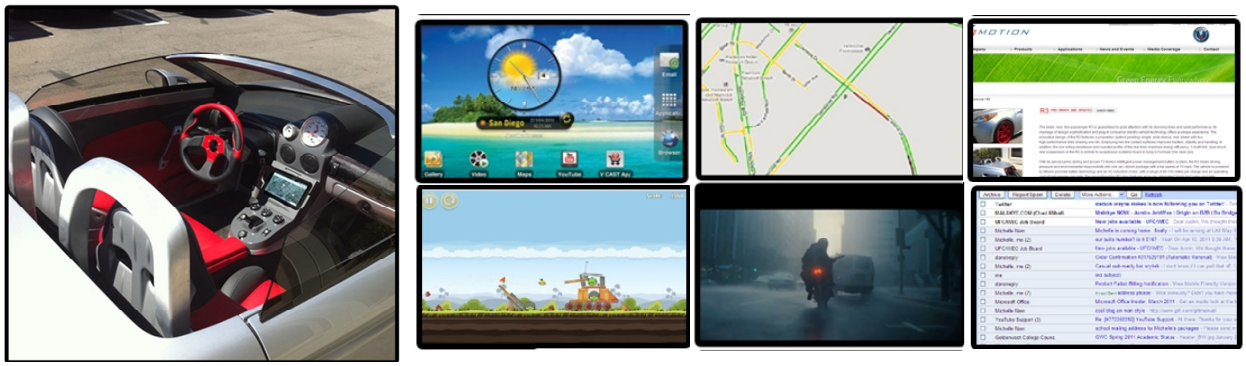
Being classified as a motorcycle also gives drivers carpool-lane privileges in the same way that motorcycles today have in many locations across the U.S.

The R3 Series EV features an in-car **black box** video and data recording system as well as a **Samsung Galaxy tablet** incorporated into the dashboard design, as shown in Figure 15. The Samsung Galaxy functions as the mobile media system inside the vehicle, and becomes a portable tablet once the driver exits the vehicle. The Samsung Galaxy system connects the R3 to on-the-go information, enabling both driver and passenger to take advantage of voice, data, audio, and video applications, such as on-board vehicle diagnostics, GPS navigation, live traffic information, and email access.

Figure 15

T3 Motion, Inc.

THE R3 SERIES' SAMSUNG GALAXY TAB CENTER CONSOLE



Source: T3 Motion, Inc.

Development Status of the R3 Prototype

T3 Motion has plans for both a hybrid and an all-electric version of the R3. The Company plans to introduce the hybrid version first, a vehicle that can achieve a top speed of 100 mph and has a range of 300 miles between charges.

The R3 Series hybrid is powered by lithium-polymer battery technology and an **AC induction motor**. The Company has estimated that its operating cost may be just pennies per mile. The R3 Series all-electric version incorporates T3 Motion's intelligent power management battery system to offer top speeds of 70 mph and a range of 80 to 100 miles per charge.

The Company has scheduled a sample trial of approximately 100 R3 Series units in the Los Angeles/Orange County, California, area during late 2012 or early 2013. Subsequent to the trial, the Company expects to commence full production of the vehicle. In preparation for production, T3 Motion has entered into a Letter of Intent with manufacturer Panoz Auto Development Company (www.panozauto.com), which specializes in low-volume specialty vehicles. As well, T3 Motion is evaluating dealer agreements across the U.S.

R3 Specifications

Table 7 (page 28) summarizes the main specifications and performance metrics for the R3 Series vehicle.

Table 7
T3 Motion, Inc.
R3 SERIES: SPECS

Seating Capacity	2	**Transmission Type**		Single ratio transaxle
Overall Length	140 in.	**Motor Location**		Front
Overall Width	63 in.	**Drive Type**		Front-wheel drive
Overall Height	45 in.	**Top Speed**	Hybrid	100 mph
Front Track Width	55 in.		All Electric	70 mph
Wheel Base	100 in.	**Range**	Hybrid	300 mph
Minimum Ground Clearance	5 in.		All Electric	80 miles to 100 miles
Front Suspension Design	MacPherson strut	**Battery Chemistry**		Lithium polymer

Source: T3 Motion, Inc.

Security Products

T3 Motion supplies compact security products that can be included as accessories on the Company's EVs. As well, several of these security products are sold as standalone units.

T3 License Plate Recognition System (T3 LPR)

Figure 16
T3 Motion, Inc.
T3 LPR

Source: T3 Motion, Inc.

The portable T3 LPR automatically scans and monitors license plates at a rate of up to 8,000 vehicles per hour, creating a digital rendering of the plates and cross-referencing the information against a law enforcement database. If a plate is flagged as suspicious, the T3 LPR can notify officers via a handheld mobile device in less than four seconds. Figure 16 depicts the T3 LPR as installed on a T3 Series ESV.

T3 Motion has worked with local law enforcement agencies to customize the LPR to meet their specific needs. The system can store data for up to 30 million vehicles, providing law enforcement officers with real-time knowledge and post-action criminal intelligence, thus increasing the day-to-day productivity and safety of police officers. The system searches for stolen vehicles, stolen plates, warrants, gang and terrorist watch lists, AMBER alerts, sexual predator lists, missing persons, and suspended plates. Further, it can provide data for after-action analysis, crime scene investigation, criminal pattern analytics, critical infrastructure, and terrorist interdiction.

The T3 LPR is small enough to be stored in a small bag, and its self-contained power supply enables the unit to operate for up to 16 hours without the need for an external power source. The T3 LPR's compact design, portability, and self-contained power supply allows for the system to be installed in a number of law enforcement and private security-related vehicles, including the Company's EV solutions, patrol cars, golf carts, and bicycles. The T3 LPR can be included on new T3 Series ESV orders or retrofitted to ESVs already in use. In addition, due to the self-powered nature of the system, it can also be deployed at static locations, such as parking structures, street sides, road blocks, check points, and stationary unmanned vehicles, where access to electricity and power supply options might be limited or non-existent.

The T3 LPR system is **Wi-Fi** enabled and allows plug-and-play use—connecting directly to most Wi-Fi devices, such as laptops, portable tablet computers, and smartphones. This wireless connectivity provides the T3 LPR with remote capabilities, sending alerts to law enforcement officers or security personnel in offices or remote locations. Figure 17 (page 29) highlights the T3 LPR's main features.

Figure 17

T3 Motion, Inc.

T3 LPR

Compact Design	Portability	Power Supply	WI-FI Capabilities

Source: T3 Motion, Inc.

Motiontrak 300 SM (www.motiontrak.com)

T3 Motion's Motiontrak 300 Series In-Car Data Recording System is a compact, vehicle-mounted, black box video and data recording system. The system's small cameras can be discreetly mounted to record video footage from any viewpoint, capturing data to help optimize routes and fleet management, encourage safe and efficient driving habits, investigate accidents and simplify litigation, decrease fuel consumption, and reduce insurance costs. Figure 18 depicts the Motiontrak system, both standalone and mounted on a vehicle, as well as an example of the accessible video and data points.

Figure 18

T3 Motion, Inc.

THE MOTIONTRAK 300 SERIES RECORDING SYSTEM

Source: T3 Motion, Inc.

Data monitored by Motiontrak 300 SM include vehicle speed, location, and **g-force** shocks. Built-in GPS capability is integrated with Google Maps to track precise location and provide a vehicle movement overview. The unit contains software to enable the user to view video footage from the vehicle's perspective, an overhead **Google Earth** location display, and numeric as well as graphical data on a single screen. PC-based software and data sharing allows for simple, quick information export and analysis, including frame-by-frame search capabilities of video footage. The Motiontrak 300 system may benefit both commercial and consumer users. Law enforcement agencies and insurance companies can obtain clear data on vehicle position before and after an accident and vital information for accident reconstructions, providing assistance in determining at-fault parties. The system also provides corporate and fleet operations with information necessary to monitor employee locations, optimize routes, and track vehicles for customer service. Government agencies may be able to increase enforcement, obtain data for proof of speeding, and reduce the number and costs of accidents. Motiontrak 300 may further help encourage safer driving habits among consumers, which may lead to improved gas mileage, reduced insurance costs, and fewer accidents.

360IP-DN Standalone 360-Degree Camera

T3 Motion's standalone 360-degree camera and digital video recorder (DVR) offers users online viewing capabilities, motion-activated recording, a removable **SD memory card**, and **3G network** compatibility. The system includes PC-based analysis software. Figure 19 illustrates this camera, with a screenshot of multiple viewing options.

Figure 19

T3 Motion, Inc.

STANDALONE SECURITY PRODUCTS

360IP-DN Standalone 360-Degree Camera	TVS-4050WK Multi-Channel Wireless IP Video Monitoring System

Source: T3 Motion, Inc.

TVS-4050WK Multi-Channel Wireless IP Video Monitoring System

Also pictured in Figure 19, T3 Motion's second standalone security product, the TVS-4050WK Video Monitoring System, is a wireless turnkey solution for multi-channel video monitoring of commercial locations. It provides multiple real-time video surveillance and playback capabilities. The system is designed to aid security, executive protection, and perimeter security activities at hotels, warehouse and manufacturing facilities, educational campuses, entertainment and sporting venues, and transportation hubs, among other locations.

T3 MOTION'S CUSTOMER BASE

As depicted in Figure 20 (page 31), T3 Motion categorizes its market opportunity within four primary sectors:

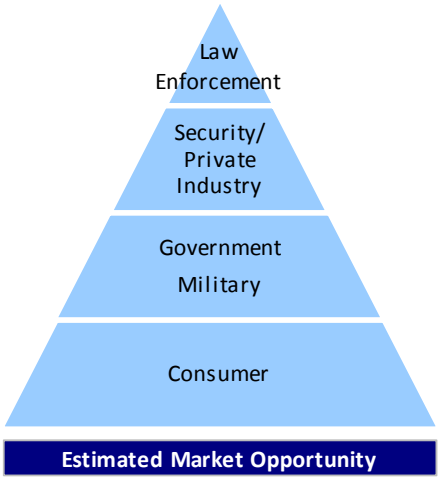
(1) public safety and law enforcement;

(2) security and private industry;

(3) government and military; and

(4) consumers.

Figure 20
T3 Motion, Inc.
TARGET SECTORS



Public Safety / Law Enforcement	▪ Law Enforcement Agencies ▪ College and University Campuses ▪ Parking Enforcement ▪ Emergency Medical Services
Security and Private Industry	▪ Private Security Companies ▪ Malls and Parking Patrols ▪ Manufacturing and Industrial Firms
Government and Military	▪ Armed Forces ▪ Military and Government Buildings ▪ Airport and Port Security ▪ U.S. Postal Service
Consumer	▪ Everyday use

Source: T3 Motion, Inc.

Public Safety and Law Enforcement

T3 Motion believes that the expanding market for clean technologies created by an awareness of global warming, the increased spending in homeland security since the September 11, 2001 terrorist attacks, and the financial recession and accompanying budget reductions in many states and municipalities have created market conditions in which growing numbers of law enforcement and government security entities can benefit from zero-emission, cost-effective EVs. The Company operates on the belief that the law enforcement sector is suited to be an EV market entry point, despite its relatively small size versus the overall EV market. Such fleets are considered catalysts in the conversion to EVs because their range and load requirements match EV capabilities; fleet operators often possess the support infrastructure; and these entities are concerned with total cost of ownership rather than upfront costs. T3 Motion's products are currently in use in more than 180 cities, municipalities, and police departments worldwide as well as at 90 university and college campuses.

Security and Private Industry

Private security forces are responsible for patrolling and monitoring corporate and industrial facilities and high-traffic retail and entertainment venues. These operations demand vehicles that are easy to operate as well as agile and have quick response times. Further, T3 Motion has found that security companies' adoption of EVs is mainly cost driven. T3 Motion markets EVs to private security firms, as well as corporations, such as Target Corp. and Disneyland, for patrolling high-risk stores and parking lots. Currently, T3 Motion provides EV security solutions to over 40 private and corporate security forces globally in addition to more than 400 retail institutions.

Private Security Companies

The global market for private contract security services is expected to surpass $218 billion by 2014, with the U.S. remaining the largest segment at $65 billion (Source: Freedonia Group's *World Security Services*, 2011). In the U.S., private security is one of the fastest-growing occupations with approximately 1.1 million private officers (Source: the Service Employees International Union). Part of this growth is due to government agencies seeking private firms to provide security for public areas, including government buildings, courthouses, and correctional facilities, as a technique for cutting costs. Contract security officers are increasingly protecting military bases and installations across the U.S. and around the world (Source: The Freedonia Group's *Private Security Services to 2012*, 2009).

Shopping Malls and Parking Patrols

There are 105,000 shopping centers of all sizes, covering more than seven billion square feet of space (Source: the U.S. Census Bureau's Statistical Abstract of the U.S., 2011). In addition, there are numerous parking structures throughout the U.S. that are regularly patrolled. Retail security officers encounter different environments and a variety of settings, including heavy consumer traffic, indoor and outdoor areas, and restricted spaces.

Manufacturing and Industrial Firms

Manufacturing and industrial facilities, together with sports and entertainment complexes, healthcare institutions, and public venues, are expected to increase private security spending to address inherent security risks. Many of these locations have sprawling sites that are relatively open to a diverse and ever-changing mix of attendees and employees, making them vulnerable to a wide variety of crimes (Source: *Private Security Services*, 2010).

Military and Government

The U.S. Department of Defense (DoD) manages an inventory of over 5,000 military bases and/or military warehouses consisting of more than 539,000 individual buildings and structures globally. In total, the military installation network covers 30 million acres of land in the U.S. and 38 foreign countries (Source: DoD's *Base Structure Report*, 2010). With over 1.4 million men and women on active duty, and 718,000 civilian personnel, the resources required to provide security to government buildings, military installations and personnel, and transportation facilities is significant.

As the U.S. government faces requirements to operate efficiently, reduce energy costs, and perform in an environmentally conscious manner, demands for greater security and conservation guidelines have led government to search for environmentally friendly solutions in the construction, operation, and maintenance of its installations. The government has embraced conservation efforts as a way to construct and operate buildings efficiently and cost effectively (Source: *Buildings* magazine's "The Evolution of Government Buildings," 2006). Moreover, security at airports, ports, and other points of entry has changed drastically since September 11, 2001. New guidelines include more security officers on the ground as well as enhanced security measures of the grounds and perimeters of airports and ports. In 2010, there were over 19,800 airports in the U.S. Of these, 5,175 are open to the general public and 551 airports offer commercial service (Source: the U.S. Federal Aviation Administration [FAA]).

Consumers

The EV consumer market is highly competitive. Despite uncertain future demand and a high cost of development, nearly all major auto companies—as well as multiple start-ups—plan to produce plug-in EVs within the next three years (Source: Pew Center on Global Climate Change's *Plug-in Electric Vehicles Market: State of Play 2011*). To this extent, General Motors Co. (GM-NYSE) has spent approximately $1 billion developing the Chevrolet Volt. Chrysler Group expects to invest $448 million in its EV program, and Tesla's original investor, Elon Musk, has a personal investment in Tesla Motors of over $75 million (Source: *Wired's* "Price is EV's 'Elephant in the Room,'" 2009).

International Expansion

Global growth is a key component of T3 Motion's overall strategy. The Company maintains a network of international distributors in nearly 30 countries (as listed in Figure 21 [page 33]). Using distributors provides T3 Motion with local knowledge and experience working with foreign governments and institutions, expediting demonstrations, customizations, and vehicle delivery. International sales represent approximately 27% of the Company's sales mix.

Table 21
T3 Motion, Inc.
GLOBAL SALES

Abu Dhabi	Chile	Kuwait	Singapore
Argentina	Egypt	Lebanon	South Africa
Australia	France	Mexico	South Korea
Bahamas	Guatemala	New Zealand	Syria
Bahrain	Iraq	Nigeria	Trinidad and Tobago
Bermuda	Israel	Qatar	Turkey
Canada	Jordan	Saudi Arabia	United Arab Emirates (UAE)


Source: T3 Motion, Inc.

During 2011, T3 Motion announced both new distribution agreements and a number of follow-on purchase orders made under existing agreements. For example, in January 2012, the Company announced that it had received an order from its newly-appointed Nigerian distributor for 126 T3 ESVs and 126 Motiontrak GPS tracking systems. The vehicles are anticipated to be used for government customs and security initiatives. As well, in September 2011, Saudi Arabian company, Luxury Carts, entered into a new agreement with T3 Motion for exclusive distribution of the T3 i-Series ESVs to law enforcement agencies and security companies in Saudi Arabia. The initial purchase order totaled roughly $231,000, with potential for up to nearly $1.9 million.

In 2011, the Company also established new distribution to Egypt through the Giza Company for Electric Vehicles; to Chile through Telestop Electronic Control Devices, a Chilean reseller of security and military devices; to South Africa through Intense Protection & Tourist Services; and to France through a partnership with Feel Green, the distributor of the T3 i-Series ESV for France and selected surrounding countries. Each of these was accompanied by an initial purchase order of over $100,000. In June 2011, T3 Motion announced that its Mexican distributor, Telecomunicaciones y Servicios del Norte (TSN), placed a $309,000 order for more ESVs, which are used in the country for tourist safety patrols in Acapulco and plaza security in Nuevo Laredo and Guadalajara, among other functions.

Customer Snapshot

Tables 8, 9, 10, and 11 (pages 34-36) offer a snapshot of T3 Motion's customer base. As T3 Motion's sales efforts are ongoing, these Tables are not comprehensive but simply provide an idea of the scope of the Company's market penetration in the U.S. and globally.

Table 8

T3 Motion, Inc.

A SELECTION OF T3 MOTION'S PUBLIC SAFETY CUSTOMERS

Law Enforcement		
Abu Dhabi (UAE) PD	Gardena (CA) PD	Novato (CA) PD
Alabama Department of Public Safety	Glendale (CA) PD	Okaloosa County (FL) Sheriff's Dept.
Al Ain Police (UAE)	Gloucester City (NJ) PD	Opelika (AL) PD
Alfazaa Police (Qatar)	Gulfport (MS) PD	Orange County (CA) Sheriff's Dept.
Anaheim (CA) PD	Hillsboro (OR) PD	Pasadena (CA) PD
Andover (MA) PD	Hoboken (NJ) PD	Plaquemines (LA) Sheriff's Dept.
Annapolis (MD) PD	Hoover (AL) PD	Quebec City PD
Bahamas Police Force	Joliet (IL) PD	Riverside (CA) PD
Barstow (CA) PD	Lee County (AL) Sheriff's Dept.	Salem (MA) PD
Bermuda Police Force	Longwood (FL) PD	San Fernando (CA) PD
Bessemer (AL) PD	Los Angeles County Sheriff's Dept.	Seaside Heights (NJ) PD
Cook County Sheriff's Dept. (IL)	Montgomery (AL) PD	Trinidad and Tobago Police
Clearwater (FL) PD	Montréal Police Force	Ventura (CA) PD
Cranford (NJ) PD	Myrtle Beach (SC) PD	Washington DC Housing Authority
Dallas (TX) PD	New York (NY) PD	Washington (PA) PD
Evanston (IL) PD	Nogales (AZ) PD	Watsonville (CA) PD
Fontana (CA) PD	Norfolk (VA) PD	West New York (NJ) PD
Municipal		
City of Albany (GA)	City of Hollywood (FL)	City of Riverside (CA)
Town of Boca Raton (FL)	City of Homestead (FL)	Riverside (CA) Downtown Partnership
Bossier City (LA)	City of Inglewood (CA)	City of Salt Lake (UT)
City of Carmel (CA)	Johnson City (TN)	San Diego (CA) Downtown Partnership
City of Dubuque (IA)	City of Lake Forest (CA)	City of Seattle (WA)
City of Flint (MI)	Minneapolis (MN) Safe Zone	City of South Pasadena (CA)
City of Fort Wayne (IN)	Municipality of Saint Nicholas (Mexico)	City of Tarpon Springs (FL)
City of Grants Pass (OR)	City of Palmdale (CA)	City of Tuscaloosa (AL)
Campuses		
Allen High School (Allen, TX)	Gustavus Adophus University (St. Peter, MN)	University of California, Los Angeles
American University (Washington, DC)	High Point University (High Point, NC)	University of California, Riverside
Austin Peay University (Clarksville, TN)	Johnson C. Smith University (NC)	University of Colorado, Denver
Boston University	Lane Community College (Eugene, OR)	University of Hawaii at Manoa
Case Western Reserve University	Los Angeles City College	University of Memphis
California Polytechnic University	Los Angeles Trade Tech College	University of Minnesota
College of Southern Nevada (Las Vegas, NV)	Ohlone Community College (Fremont, CA)	University of Southern California
Colorado State University (Ft. Collins, CO)	Palomar Community College (San Marcos, CA)	University of Texas, El Paso
Denver University	Point Loma Nazarene University (CA)	University of Texas, Pan American (Edinburg)
Duke University (Durham, NC)	Princeton University (NJ)	Victor Valley Community College (CA)
Elon University (Elon, NC)	Riverside Community College (CA)	Virginia Tech University (Blacksburg)
Florida A & M University (Tallahassee)	Salem State University (Salem, MA)	Washington University (St. Louis, MO)
Florida State University (Tallahassee)	Southwestern Community College (CA)	Wichita State University
Governors State University (University Park, IL)	University of Alabama, Birmingham	Wright State University (Dayton, OH)
Other		
Convention	**Parks**	Maryland Park Police
Birmingham Jefferson Convention Center (AL)	Cook County Forest Preserve (IL)	Three Rivers Park District (MN)

Source: T3 Motion, Inc.

Table 9

T3 Motion, Inc.

A SELECTION OF T3 MOTION'S PRIVATE SECURITY CUSTOMERS

Private/Corporate		
AD Force Private Security (Stockton, CA)	Gold Shield Security Services (Makawao, HI)	Target Corporation (National)
American Honda Motor Co. (Torrance, CA)	Google (Mountain View, CA)	The 3400 (Costa Mesa, CA)
Apple (Cupertino, CA)	Gulfstream Aerospace (Savannah, GA)	United Automobile Insurance Company (North Miami Beach)
Battelle Memorial Institute (Columbus, OH)	International Trade Link Group (Laredo, TX)	
Command Center Security (Lynwood, CA)	Office Protection Services (Washington, DC)	Spectrum Guatemala
Cox Enterprises (Atlanta, GA)	National Harbor (National Harbor, MD)	Securitas (National)
Cushman and Wakefield (Charlotte, NC)	NBC Universal (Studio City, CA)	Security Prosol/Volkswagen (Puebla City)
Dynamic Security (Abu Dhabi, UAE)	Pierce County Security (Tacoma, WA)	Security Triangulo/Encourage Commercial Center (Puebla City, Mexico)
eBay (San Jose, CA)	Renaissance LLC (Ridgeland, MS)	
First Alarm (Aptos, CA)	Rockwell (Mission, KS)	Televisa/Televisora (Mexico)
Georgia-Pacific Center (Atlanta, GA)	Wackenhut (National)	United Security, Inc. (Boston, MA)
Retail		
Ala Moana Center (Honolulu, HI)	Gulf Coast Town Center (Ft. Myers, FL)	Promenade at Howard Hughes (CA)
Arizona Mills (Tempe, AZ)	Hamilton Town Center (Noblesville, IN)	River Ridge Mall (Lynchburg, VA)
Arundel Mills Mall (Hanover, MD)	Hammock Landing (West Melbourne, FL)	Queens Center (Elmhurst, NY)
Asheville Mall (Asheville, NC)	Hanes Mall (Winston-Salem, NC)	Santa Rosa Plaza (CA)
Atlantic Station (Atlanta, GA)	H.E.B. San Antonio (San Antonio, TX)	Santana Row (San Jose, CA)
Aventura Mall (Aventura, FL)	Hickory Hollow Mall (Antioch, TN)	Scottsdale Quarter (AZ)
Beverly Center (Los Angeles, CA)	Ingram Park Mall (San Antonio, TX)	South Shore Plaza (Braintree, MA)
Block at Orange (Orange, CA)	Irvine Spectrum Center (CA)	Square One Mall (Saugus, MA)
Broadway Plaza (Walnut Creek, CA)	International Plaza (Tampa, FL)	St. Johns Town Center (Jacksonville, FL)
Centro Ybor (Tampa, FL)	Laguna Hills Mall (CA)	Stoneridge Mall (Pleasanton, CA)
Columbia Center (Kennewick, WA)	Macon Mall (GA)	Summit at Louisville (KY)
Cottonwood Mall (Albuquerque, NM)	Mall of Georgia (Buford, GA)	Summit Sierra (Reno, NV)
Countryside Marketplace (Menifee, CA)	Manhattan Village (Manhattan Beach, CA)	The Avenues Mall (Jacksonville, FL)
Dolphin Mall (Miami, FL)	Orlando Premium Outlets (FL)	Town Center at Boca Raton (FL)
Eastdale Mall (Montgomery, AL)	Opry Mills Mall (Nashville, TN)	Triangle Town Center (Raleigh, NC)
Fairhope City Warehouse (Fairhope, AL)	Park Plaza Mall (Little Rock, AR)	Valley View Mall (Roanoke, VA)
Fashion Center at Pentagon City (Arlington)	Pearland Town Center (TX)	La Plaza (McAllen, TX)
Fashion Valley Mall (San Diego, CA)	Pier Park (Panama City, FL)	Las Americas Premium Outlet (San Diego)
Front Range Village (Ft. Collins, CO)	Pier Shops at Caesars (Atlantic City, NJ)	Las Vegas Premium Outlets (NV)
Greenbrier Mall (Chesapeake, VA)	Penn Square Mall (Oklahoma City, OK)	Lenox Square (Atlanta, GA)
Hospitality		
Boston Harbor Hotel	Grand Wailea Resort (HI)	Marriott Ocean Pointe Resort (FL)
Broadmoor Hotel (Colorado Springs, CO)	Honua Kai Resort (HI)	Palm Beach Shores (FL)
Disneyland Resort (Anaheim, CA)	Marriott Newport Coast Villas (Newport Beach)	Wind Creek Hotel & Casino (AL)
Medical		
Cleveland Clinic	Kaiser Permanente-Bellflower (CA)	Mission Hospital (Mission Viejo, CA)
Mercy General Hospital (Sacramento, CA)	Kaiser Permanente-Panorama City (CA)	Salinas Valley Memorial Hospital (CA)
Kaiser Permanente-Anaheim (CA)	Medical Center of Louisiana (New Orleans)	Sunrise Hospital (Las Vegas, NV)

Source: T3 Motion, Inc.

Table 10

T3 Motion, Inc.

T3 MOTION'S GOVERNMENT AND MILITARY USERS

Government/Military	
Andrews Air Force Base (MD)	Government of Durango (Mexico)
Central Intelligence Agency	Government of Tamaulipas (Mexico)
(McLean, VA)	Lakhwiya Government Properties (Qatar)
Emiri Guard (Qatar)	National Gallery of Art (Washington, DC)
Federal Bureau of Investigation (Washington, DC)	Naval Amphibious Base-Little Creek (VA)
Ft. Belvoir Army Base (VA)	Naval Medical Center-San Diego (CA)
Ft. Detrick Army Base (Frederick, MD)	Smithsonian Institution (Washington, DC)
Ft. Hood Army Base (TX)	United States Army RRMC (Fairfield, PA)
Ft. Lewis Army Base (WA)	Veterans Administration Hospital-Amarillo (TX)
Ft. Myer Army Base (VA)	Veterans Administration Hospital-Durham (NC)
Ft. Polk Army Base (LA)	Veterans Administration Hospital-Tampa (FL)
Government of Acapulco (Mexico)	
Airports and Ports	
Airports	Missoula International (MT)
Atlanta-Hartsfield International	Ontario (CA)
Baltimore International	Piarco International (Trinidad)
Birmingham-Shuttlesworth International	Richmond International (VA)
Fort Wayne International (IN)	Sacramento International (CA)
Ft. Lauderdale-Hollywood International	San Jose (CA)
Gulfport Biloxi International	Savanah Hilton Head (GA)
Greenville International (SC)	South West Florida International (FL)
Indianapolis International	Toronto Pearson International
JFK International (NYC)	Tucson International
John Wayne/Orange County (Santa Ana, CA)	Vancouver International
Kansas City International	
Los Angeles International	**Ports**
Kahului (HI)	City of Los Angeles Harbor Dept.
Memphis International	Lee County Port Authority (Ft. Myers, FL)
Miami International	Port of Los Angeles
Minneapolis-St. Paul International	Port of Seattle

Source: T3 Motion, Inc.

Table 11

T3 Motion, Inc.

INTERNATIONAL CUSTOMERS

Abu Dhabi PD	Government of Acapulco (Mexico)	Security Prosol/Volkswagen (Puebla City, Mexico)
Alfazaa Police (Qatar)	Government of Durango (Mexico)	Commercial Center (Puebla City, Mexico)
Al Ain Police (UAE)	Government of Tamaulipas (Mexico)	Spectrum Guatemala
Bahamas Police Force	Lakhwiya Government Properties (Qatar)	Televisa/Televisora (Mexico)
Bermuda Police Force	Montréal PD	Three Rivers PD (Quebec)
CBINA Security (Montreal)	Montréal Police Force	Trinidad and Tobago Police
Dynamic Security (Abu Dhabi)	Municipality of Saint Nicholas (Mexico)	Québec City PD
Emiri Guard (Qatar)	Saint John PD (New Brunswick, Canada)	York Regional PD (Newmarket, Ontario)

Source: T3 Motion, Inc.

Competition

As the EV market continues to evolve through new technologies and expanded infrastructure, a greater number of companies are entering this space. T3 Motion may encounter competition in both the professional and consumer market from other EV providers, as well as from other forms of transportation, such as bicycles, horses, and standard police cars. In the future, T3 Motion may also begin competing with niche automobile manufacturers as the Company prepares to launch its R3 Series EV.

To differentiate itself from competitors, T3 Motion emphasizes its customer service and customized products designed for the specific needs of professional end users in law enforcement, private security, and government. Further, the Company believes that its proprietary propulsion management system and swappable battery arrangement, together with its ability to incorporate feedback from its intended target markets into the design of its vehicles, is a competitive advantage. The following companies are not intended to be an exhaustive collection of potential competitors but are believed to be representative of the type of competition that T3 Motion may face as it strives to obtain increased market share.

Professional Market

Xtreme Green Products, Inc. (www.xgpinc.com)

Xtreme Green Products is an eco-vehicle company developing green EVs, such as that pictured in Figure 22, for the police, military, security, consumer, and commercial markets. The company's products include all-electric motorcycles, all-terrain and utility vehicles, and police vehicles. Xtreme Green's public safety offering, the Sentinel PMV, is a three-wheel ESV capable of multi-terrain transportation for use by law enforcement agencies, airport and port security operations, building and retail security, and parking enforcement. The company also offers electric motorcycles and four-wheel vehicles designed specifically for the law enforcement market. Xtreme Green is headquartered in Las Vegas, Nevada.

Figure 22
XTREME GREEN SENTINEL

Source: Xtreme Green Products, Inc.

Segway, Inc. (www.segway.com)

Segway® is the manufacturer of a two-wheel, self-balancing EV, the Segway® PT. The Segway® product line includes the Segway® i2 and a cross-terrain model called the Segway® x2, as well as six product packages tailored to commercial, police, and consumer markets. The Segway® Patroller is equipped to serve the needs of police and security entities, government and military agencies, and emergency response teams. The company's products are currently in use for patrolling operations by more than 1,000 organizations worldwide. Segway® corporate offices are located in Bedford, New Hampshire.

Global Electric Motorcars (GEM) (www.gemcar.com)

GEM, acquired by Polaris Industries Inc. (PII-NYSE) in April 2011, is a manufacturer of low-speed, four-wheel EVs. Since its establishment in 1998, GEM has placed over 45,000 vehicles worldwide, which are in use by individual consumers, government and law enforcement agencies, college campuses, and private institutions. The company reported sales in 2010 of approximately $30 million. Part of GEM's strategy is to benefit from its business-to-business sales expertise within the fleet and government vehicle markets through its made-to-order vehicle fulfillment and mobile service support. GEM is located in Fargo, North Dakota.

E-Z-GO (www.ezgo.com)

E-Z-GO is a manufacturer of golf cars as well as personal, recreational, and professional electric transportation vehicles. E-Z-GO builds more than 40 different vehicle models under the E-Z-GO and Cushman® line, including its 2Five street-legal, low-speed vehicle. The zero-emission 2Five is designed for personal and professional use, including security operations in military bases, educational campuses, and work environments. Founded in 1954 in Augusta, Georgia, E-Z-GO is a division of Textron Inc. (TXT-NYSE), a global, multi-industry company leveraging a network of aircraft, defense, and industrial businesses.

Club Car, LLC (www.clubcar.com)

Club Car is a manufacturer of EVs for recreational and commercial applications. Since its inception in 1958, Club Car has produced over two million compact EVs. The company's product portfolio includes golf carts, commercial utility vehicles, multi-passenger shuttle vehicles, and rough-terrain and off-road utility vehicles. In addition, Club Car's Custom Solutions department customizes and modifies its vehicles for commercial and business applications, including security for colleges and universities and emergency response operations. The Augusta, Georgia-based company is a division of Ingersoll-Rand plc (IR-NYSE).

Consumer Market

The EV consumer market is highly competitive, with nearly all major auto companies—as well as multiple start-ups—planning to produce plug-in EVs within the next three years (Source: Pew Center on Global Climate Change's *Plug-in Electric Vehicles Market: State of Play 2011*).

T3 Motion believes that its main competition in the consumer market could come from providers of other vehicles similar to the R3 and the T3 Power Sport, essentially, unique cars and motorcycles intended for everyday commutes or as recreational vehicles.

Can-Am Motorcycles (www.can-am.brp.com)

Can-Am produces all terrain and side-by-side vehicles and roadsters, including the Can-Am Spyder Roadster, a three-wheel motorcycle featuring a Y-architecture that combines two-front wheels with a single rear wheel. The Spyder features a V-twin gas-powered engine with a five-speed manual transmission. Can-Am is a subsidiary of Bombardier Recreational Products Inc., a closely held company with a brand portfolio that includes Ski-Doo and Lynx snowmobiles, Sea-Doo watercrafts, Evinrude and Johnson outboard engines, and Rotax engines. Bombardier's products are distributed in more than 100 countries. The company is headquartered in Québec, Canada.

The Morgan Motor Company Ltd (www.morgan-motor.co.uk)

The Morgan Motor Company is a British motorcar manufacturer, specializing in handmade, made-to-order sport cars. The company was founded in 1910 and is the oldest privately owned motorcar manufacturer. Morgan Motor's product portfolio includes the Morgan 3 Wheeler, a three-wheel chassis vehicle that combines a V-twin gas engine with a five-speed gearbox. In addition, Morgan Motor and a consortium of British technology specialists are developing a new, high-performance electric sports car prototype, the Morgan +E, and are expected to deliver two concept vehicles in early 2012. Morgan Motor Co. is based Worcestershire, England.

Milestones

Recent Milestones

Over the past 12 months, T3 Motion achieved several notable milestones, as noted below.

- Increased sales and distribution, approaching 3,000 vehicles in operation worldwide
- Commenced trading its Common Stock on the New York Stock Exchange (NYSE) Amex
- Closed an $11.1 million public offering, which provided funds to strengthen the Company's balance sheet and improve production efficiencies
- Announced the release of a new product, the T3 License Plate Recognition (T3 LPR) System
- Announced the release of the T3 Non-Lethal Response Vehicle (NLRV), capitalizing on the T3 Series modular platform
- Announced the release of the T3 Series consumer vehicle, the T3 Power Sport
- Completed the prototype of the R3 Series EV, the first vehicle in T3 Motion's portfolio to be developed specifically for the consumer market
- Executed a Letter of Intent with Panoz Auto Development Co. for engineering and initial production of the R3 Series EV
- Expanded its global presence to nearly 30 countries by acquiring exclusive distributors in Argentina, Chile, Egypt, France, Jordan, Korea, Lebanon, Nigeria, Singapore, South Africa, and Syria
- Named a finalist for "Company of the Year" through CleanTech OC, a trade association promoting Orange County's clean technology industry

Potential Milestones

Over the next 18 months, the Company plans to conduct a trial of approximately 100 R3 Series units in the Los Angeles/Orange County, California, area. As well, the Company is working to achieve the goals listed below.

- Enter into full production for the R3 Series
- Establish relationships with dealerships across the U.S. for the distribution of its consumer vehicles
- Increase market penetration of the T3 Series in domestic markets by leveraging brand name and current deployments to existing and new customers
- Continue global expansion into Asia and Europe
- Continue the development of new products to expand the EV portfolio, including the next generation of T3 Series ESVs, military-specific products, and greater consumer offerings

Key Points to Consider

- T3 Motion, Inc. produces personal mobility electric vehicles (EVs), specializing in cost-effective, environmentally-conscious transportation solutions for the professional and consumer markets.

- There are approximately 3,000 T3 Series vehicles in use worldwide, spanning nearly 30 countries and more than 700 customers. High-profile uses of the Company's products include the Pentagon, Andrews Air Force Base, CIA and FBI buildings, the New York Subway system, Amtrak railroad system, and more than 180 police departments, cities, and municipalities, as well as at public events like the Super Bowl XLV.

- T3 Motion's vehicles incorporate the Company's proprietary power management technology and propulsion system, designed to maximize range and minimize recharge time. The Company's T3 Series electric stand-up vehicles (ESVs) are equipped with replaceable power modules that can be hot-swapped in less than a minute, allowing continuous operation without downtime for charging.

- T3 Motion categorizes the market for its EV solutions into four segments: (1) public safety and law enforcement; (2) private security; (3) military and government; and (4) consumers. The Company initially targeted the law enforcement and security segments, which have transportation needs that are conducive for EV adoption, and subsequently began capitalizing on its brand recognition in these sectors to expand to new customers.

- The T3 Series ESV is a zero-emission, electric three-wheel vehicle that is driven standing up. The T3 Series is also available in an international model, the T3 i-Series, which fits international standards. The Company's research has confirmed that T3 Series ESVs have average operating costs of $0.10 per day based on a 15 to 20 mile daily range—an equivalent of over 500 miles per gallon.

    - The ESV may yield an annual operating savings of $17,500 to $24,500 per gasoline-powered vehicle replaced, for a return on investment (ROI) timeline of approximately seven months.

- T3 Motion has expanded upon the T3 Series' modular design to introduce the T3 Non-Lethal Response Vehicle (NLRV) in October 2011 and the T3 Series consumer vehicle, the T3 Power Sport, in December 2011.

- The Company's R3 Series prototype was debuted in April 2011. The R3 is a two-passenger, road-worthy EV featuring a patent-pending, single rear-wheel design where two high-performance tires share one rim. A trial run of the vehicle is scheduled during late 2012 or early 2013.

- The Company offers vehicle-mounted and standalone security products, including a license plate recognition system, an in-car data recording system, and monitoring and camera systems.

- T3 Motion holds three U.S. patents and six patent applications as well as copyrights and trademarks. The Company is led by skilled executives with entrepreneurial and sales experience in multiple industries, including the electric and hybrid vehicle market.

- For the nine months ended September 30, 2011, T3 Motion reported net revenues of over $4.2 million, substantially due to sales of its T3 Series ESVs. International sales represent roughly 27% of the Company's sales mix. The Company's FY2010 revenues were nearly $4.7 million.

- As of September 30, 2011, T3 Motion had cash and cash equivalents of nearly $3.8 million, following a May 2011 public offering for $11.1 million. Cash from this raise was earmarked to strengthen its balance sheet, continue the penetration into global markets, and advance new product development.

Historical Financial Results

Tables 12, 13, and 14 summarize T3 Motion's key historical financial statements: its Condensed Consolidated Statements of Operations and Comprehensive Loss, Condensed Consolidated Balance Sheets, and Condensed Consolidated Statements of Cash Flows.

In May 2011, the Company reported the completion of an $11.1 million public offering—funds to help T3 Motion strengthen its balance sheet and improve production inefficiencies. Prior to the offering, the Company had to delay shipments during the second quarter 2011 due to an inability to ramp-up production in the face of strong demand for the T3 Series ESV. This issue affected revenues and led to record backlog orders of $4.4 million as of June 30, 2011. However, the Company believes that the public offering has allowed it to address production capacity issues, permitting it to meet rising demand, including shipping backlogged orders. T3 Motion also anticipates an increase in gross margins going forward, as it seeks to further improve production efficiencies and capitalize on volume discounts.

Table 12
T3 Motion, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net revenues	$ 1,884,321	$ 1,047,573	$ 4,211,849	$ 3,625,531
Cost of net revenues	1,498,810	915,922	3,634,606	3,265,195
Gross profit	385,511	131,651	577,243	360,336
Operating Expenses:				
Sales and marketing	527,689	435,562	1,171,698	1,305,819
Research and development	350,332	316,759	810,891	1,069,226
General and administrative	1,071,832	813,786	2,818,712	2,730,770
Total operating expenses	1,949,853	1,566,107	4,801,301	5,105,815
Loss from operations	(1,564,342)	(1,434,456)	(4,224,058)	(4,745,479)
Other income (expense):				
Interest income	2,737	54	4,558	1,281
Other income, net	402,656	1,238,138	2,225,837	3,113,919
Interest expense	(47,695)	(1,066,047)	(521,147)	(2,759,158)
Total other income, net	357,698	172,145	1,709,248	356,042
Loss before provision for income tax	(1,206,644)	(1,262,311)	(2,514,810)	(4,389,437)
Provision for income tax	750	—	1,550	800
Net loss	(1,207,394)	(1,262,311)	(2,516,360)	(4,390,237)
Deemed dividend to Preferred Stockholders	—	(689,109)	(4,263,069)	(2,962,300)
Net loss attributable to Common Stockholders	$ (1,207,394)	$ (1,951,420)	$ (6,779,429)	$ (7,352,537)
Other comprehensive income:				
Foreign currency translation income (loss)	—	(206)	—	318
Comprehensive loss	$ (1,207,394)	$ (1,262,517)	$ (2,516,360)	$ (4,389,919)
Net loss attributable to Common Stockholders per share:				
Basic and diluted	$ (0.09)	$ (0.40)	$ (0.76)	$ (1.55)
Weighted average number of Common Shares outstanding:				
Basic and diluted	12,881,027	4,855,390	8,901,895	4,739,394

Source: T3 Motion, Inc.

Table 13
T3 Motion, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2011 (unaudited)	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,754,316	$ 123,861
Restricted cash	10,000	10,000
Accounts receivable, net of allowance of $47,626 and $50,000, respectively	1,096,137	595,261
Related party receivables	41,269	35,722
Inventories	1,523,187	1,064,546
Prepaid expenses and other current assets	398,221	251,467
Total current assets	6,823,130	2,080,857
Property and equipment, net	346,277	564,700
Deposits	934,369	934,359
Total assets	$ 8,103,776	$ 3,579,916
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 872,843	$ 1,335,761
Accrued expenses	860,321	1,483,220
Related party payables	—	51,973
Note payable	—	243,468
Derivative liabilities	130,078	9,633,105
Related party Notes payable, net of debt discounts	225,322	4,391,121
Total current liabilities	2,088,564	17,138,648
Long-term liabilities:		
Related party Notes payable	1,000,000	2,121,000
Total liabilities	3,088,564	19,259,648
Commitments and contingencies		
Stockholders' equity (deficit):		
Series A Convertible Preferred Stock, $0.001 par value; 20,000,000 shares authorized; none and 11,502,563 shares issued and outstanding, respectively	—	11,503
Common Stock, $0.001 par value; 150,000,000 shares authorized; 12,881,027 and 5,065,896 shares issued and outstanding, respectively	12,881	5,066
Additional paid-in capital	56,897,601	29,419,540
Accumulated deficit	(51,899,639)	(45,120,210)
Accumulated other comprehensive income	4,369	4,369
Total stockholders' equity (deficit)	5,015,212	(15,679,732)
Total liabilities and stockholders' equity (deficit)	$ 8,103,776	$ 3,579,916

Source: T3 Motion, Inc.

Table 14

T3 Motion, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ended September 30,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (2,516,360)	$ (4,390,237)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	235,376	273,524
Loss (gain) on sale of fixed assets	1,104	(7,500)
Warranty expense	92,572	77,144
Share-based compensation expense	625,341	647,098
Change in fair value of derivative liabilities	(2,228,927)	(3,095,754)
Investor relations expense	—	10,000
Amortization of debt discounts	147,773	2,352,658
Change in operating assets and liabilities:		
Accounts and other receivables	(500,876)	268,355
Inventories	(458,641)	(172,954)
Prepaid expenses and other current assets	(146,754)	(148,326)
Deposits	(10)	31,873
Purchase of certificate of deposit	—	(10,000)
Accounts payable and accrued expenses	(600,440)	368,278
Related party payables	(51,973)	(104,931)
Net cash used in operating activities	(5,401,815)	(3,900,772)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Loans/advances to related parties	(5,547)	(28,795)
Purchases of property and equipment	(20,147)	(43,645)
Proceeds from sale of fixed assets	2,090	—
Repayment of loans/advances to related parties	—	18,062
Net cash used in investing activities	(23,604)	(54,378)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loans/advances from related parties	—	610,000
Proceeds from related party Notes payable	1,300,000	—
Proceeds from sale of Common Stock units, net of offering costs	8,999,342	—
Recission of Common Stock	—	(250,000)
Proceeds from the sale of Preferred Stock, net of issuance costs	—	1,155,000
Repayment of Note payable	(243,468)	(100,000)
Repayment of related party Notes payable	(1,000,000)	—
Net cash provided by financing activities	9,055,874	1,415,000
Effect of exchange rate on cash	—	318
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,630,455	(2,539,832)
CASH AND CASH EQUIVALENTS — beginning of period	123,861	2,580,798
CASH AND CASH EQUIVALENTS — end of period	$ 3,754,316	$ 40,966

Source: T3 Motion, Inc.

Risks

Some of the information in this Executive Informational Overview® (EIO®) relates to future events or future business and financial performance. Such statements can only be predictions and the actual events or results may differ from those discussed due to risks described in T3 Motion's statements on Forms 10-K, 10-Q, and 8-K, as well as other forms filed from time to time. The content of this report with respect to T3 Motion has been compiled primarily from information available to the public released by the Company through news releases, Annual Reports, and Securities and Exchange Commission (SEC) filings. T3 Motion is solely responsible for the accuracy of this information. Information as to other companies has been prepared from publicly available information and has not been independently verified by T3 Motion. Certain summaries of activities have been condensed to aid the reader in gaining a general understanding. For more complete information about T3 Motion please refer to the Company's website at www.t3motion.com.

Investors should carefully consider the risks and information about T3 Motion's business described below. Investors should not interpret the order in which these considerations are presented as an indication of their relative importance. The risks and uncertainties described below are not the only risks that the Company faces. Additional risks and uncertainties not presently known to T3 Motion or that the Company currently believes to be immaterial may also adversely affect its business. If any of the following risks and uncertainties develops into actual events, the business, financial condition, and results of operations could be materially and adversely affected, and the trading price of the Company's shares could decline.

RISKS RELATED TO THE COMPANY AND ITS INDUSTRY

T3 Motion has a history of losses and expects to continue to have additional net losses in the near future, which could cause the value of its securities to decline and may cause its business to fail.

T3 Motion has generated net losses since inception (March 16, 2006). Net losses for the three months ended September 30, 2011, were approximately $1.2 million. Net losses for the years ended December 31, 2010, 2009, 2008, and 2007 were approximately $8.3 million, $6.7 million, $12.3 million, and $8.6 million, respectively. A large portion of the Company's expenses are fixed, and accordingly, T3 Motion will need to significantly increase its sales in order to achieve profitability. The Company anticipates that it will continue to generate losses in the near future, and the rate at which it will incur losses could continue or even increase in future periods from current levels as a result of any of the following:

- the Company may be unable to increase sales sufficiently to recognize economies of scale;
- the Company may be unable to successfully expand into other private security markets or achieve broad brand recognition for its products;
- the Company may be unable to reduce its costs or experience unanticipated costs or expenses in connection with its current development, marketing, and manufacturing plans;
- the Company may encounter technological challenges in connection with development, introduction, or manufacturing of enhancements to existing vehicles or new products; and
- the Company may be unable to obtain sufficient components or materials used in its products due to capital constraints, which could adversely affect sales, reputation, and credibility.

To date, T3 Motion has funded operations primarily through equity and debt financing. Because it anticipates additional net losses, the Company believes that it will likely require additional financings. T3 Motion's ability to arrange future financings will depend upon its perceived performance and market conditions as well as an ability to obtain consent from at least its 67% interest of certain major investors that acquired its Class H and Class I Warrants in connection with the recent public offering. T3 Motion's inability to raise additional working capital on a timely basis, on acceptable terms, or at all would negatively impact business and operations, which could cause

the price of its Common Stock to decline. It could also lead to reduction or suspension of operations and ultimately force T3 Motion out of business.

If T3 Motion is unable to continue as a going concern, its securities will have little or no value.

The report of the Company's independent registered public accounting firm that accompanies its audited consolidated financial statements for the years ended December 31, 2010 and 2009 contains a going concern qualification in which such firm expressed substantial doubt about the Company's ability to continue as a going concern. In addition to its history of losses, T3 Motion's accumulated deficit as of September 30, 2011, December 31, 2010 and 2009, was approximately $51.9 million, $45.1 million, and $33.1 million, respectively. At December 31, 2010, T3 Motion had a working capital deficit of $15.1 million, but working capital of $4.7 million as of September 30, 2011.

While management plans to continue to implement a cost-reduction strategy and seeks to increase cash flow from operations, T3 Motion cannot assure investors/potential investors that it will be successful in this regard. Since inception, the Company has used cash in excess of operating revenues. Until management achieves cost reduction and is able to generate significantly higher sales and significantly increase its cash flow from operations, the Company may require additional capital to meet working capital requirements, achieve expansion plans, and fund research and development. T3 Motion plans to continue to raise additional equity or debt financing to meet its working capital requirements. If the Company fails as a going concern, its shares of Common Stock will hold little or no value.

Adverse global economic conditions and disruption in financial markets could impair revenues.

As widely reported, financial markets in the U.S., Europe, the Middle East, Latin America, and Asia have experienced extreme disruption, including, among other things, volatility in security prices, diminished liquidity and credit availability, rating downgrades of certain investments, and declining valuations of others. These conditions have impaired the Company's ability to access credit markets and finance operations.

There can be no assurance that there will not be a further deterioration in financial markets and confidence in major economies. T3 Motion has been, and may continue to be, impacted by these economic developments, both domestically and globally. The Company believes that the current tightening of credit in financial markets has adversely affected the ability of its customers and suppliers to obtain financing for significant purchases and operations, and could result in a decrease in orders for its products and services. Similarly, the downturn has resulted in budgetary constraints and delays in government funding, which the Company believes has adversely affected the ability of certain law enforcement agencies and police departments to fund capital equipment purchases. These economic conditions may negatively impact T3 Motion as some of its customers defer purchasing decisions, thereby lengthening sales cycles.

If T3 Motion's customers' ability to pay for products and services is impaired, it may lead to an increase in the Company's allowance for doubtful accounts and write-offs of accounts receivable. Revenues for the three months ended March 31, 2011, decreased approximately $153,000 from the comparable period in 2010. Revenues in fiscal year 2010 were relatively flat versus 2009. Net revenues in 2009 decreased $2.9 million from 2008 due in part to many of the foregoing factors, which may continue to affect T3 Motion's revenues and operating results in future periods.

T3 Motion is dependent on a few sourced third-party manufacturers. Any interruption in its relationships with these parties may adversely affect its business.

Most components used in the Company's products are purchased from outside sources. Certain components are purchased from single sourced suppliers. These include domestic suppliers, such as American Made, Performance Composites, Imperial Electric, and Santa Fe Mold. These suppliers provide the frame, fiberglass body, electric motor, and various small plastic parts, respectively. The failure of any such supplier to meet its commitment on schedule could have a material adverse effect on T3 Motion's business, operating results, financial condition, or prospects. If a sole-source supplier were to go out of business or otherwise become unable to meet supply

commitments, the process of locating and qualifying alternate sources could require several months, during which time the Company's production could be delayed. Such delays could have a material adverse effect on business, operating results, financial condition, or prospects.

T3 Motion's revenues for the six months ended December 31, 2010 and three months ended March 31, 2011, were adversely affected by vendor supply issues, which the Company believes was due to reduced vendor staffing and their inability to respond to its orders coupled with the Company's inadequate cash flow, which resulted in certain vendors requiring terms to be cash in advance.

The Company's officers and directors own a substantial portion of its outstanding Common Stock, which enables them to influence many corporate actions and in certain circumstances may prevent a change in control that would otherwise be beneficial to T3 Motion's shareholders.

At June 6, 2011, T3 Motion's directors and executive officers that are entitled to vote on all corporate actions controlled at least 61% of the Company's outstanding shares of Common Stock that are entitled to vote on all corporate actions. In particular, its controlling stockholder, chairman and CEO, Mr. Ki Nam (biography on page 10), together with his children, owns 29.3% of the outstanding shares of Common Stock, and Vision Opportunity Master Fund, Ltd. and Vision Capital Advantage Fund (collectively, "Vision") owns 31.7%. Vision and Mr. Nam were also among the major investors that, as part of the recent public offering, were granted certain contractual rights regarding dilutive financings and certain change of control transactions, and together with their Common Stock holdings, could have a substantial impact on matters requiring the vote of the stockholders, including the election of directors and most corporate actions. This control could delay, defer, or prevent others from initiating a potential merger, takeover, or other change in control, even if these actions would benefit T3 Motion's stockholders and the Company. This control could adversely affect the voting and other rights of other stockholders and could depress the market price of its Common Stock.

RISKS RELATING TO OWNERSHIP OF T3 MOTION'S SECURITIES

Substantial future sales of the Company's Common Stock in the public market may depress its stock price.

As of September 30, 2011, 12,880,978 shares of Common Stock, Warrants for the purchase of 4,992,557, 4,942,557, 826,373, 198,764, 142,858, 27,478, 12,000, and 5,000 shares of Common Stock at an exercise price of $3.50, $3.00, $5.00, $4.68, $4.38, $7.87, $15.40, and $7.00 per share, respectively, were outstanding.

If stockholders sell substantial amounts of Common Stock in the public market, or the market perceives that such sales may occur, the market price of the Company's Common Stock could fall. The sale of a large number of shares could impair its ability to raise needed capital by depressing the price at which it could sell its Common Stock.

The Company may raise additional capital through a securities offering that could dilute an investor's ownership interest and voting rights.

T3 Motion's certificate of incorporation currently authorizes its Board of Directors to issue up to 150,000,000 shares of Common Stock and 20,000,000 shares of Preferred Stock. Its Board of Directors is entitled to issue shares of Preferred Stock with rights, preferences, and privileges that are senior to its Common Stock. The power of the Board of Directors to issue additional securities is generally not subject to stockholder approval. T3 Motion requires substantial working capital to fund its business. If the Company raises additional funds through the issuance of equity, equity-related, or convertible debt securities, these securities may have rights, preferences, or privileges senior to those of the holders of its Common Stock. The issuance of additional Common Stock or securities convertible into Common Stock by the Board of Directors will also have the effect of diluting the proportionate equity interest and voting power of holders of the Common Stock. Further, these financings may require the consent of a supermajority in interest of certain major purchasers of recent Class H and Class I Warrants. If T3 Motion is unable to obtain such consent, it may be unable to obtain such financing and its ability to operate its business will be adversely affected.

The Company's incorporation documents and Delaware law may inhibit a takeover that stockholders consider favorable and could also limit the market price of stock, which may inhibit an attempt by stockholders to change the Company's direction or management.

The Company's certificate of incorporation and bylaws contain provisions that could delay or prevent a change in control. Some of these provisions allow or disallow the following:

- authorize the Board of Directors to determine the rights, preferences, privileges, and restrictions granted to, or imposed upon, the Preferred Stock and to fix the number of shares constituting any series and the designation of such series without further action by its stockholders;

- prohibit stockholders holding less than 25% of the outstanding voting shares from calling special meetings; and

- establish advance notice requirements for submitting nominations for election to the Board of Directors and for proposing matters that can be acted upon by stockholders at a meeting.

In addition, the Company is governed by the provisions of Section 203 of Delaware General Corporate Law. These may prohibit large stockholders, in particular those owning 15% or more of the Company's outstanding voting stock, from merging or combining with the Company, which may prevent or frustrate any attempt by T3 Motion's stockholders to change its management or the direction in which it is heading. These and other provisions in the Company's amended and restated certificate of incorporation and bylaws and under Delaware law could reduce the price that investors might be willing to pay for shares of its Common Stock in the future and result in the market price being lower than it would be without these provisions. Furthermore, certain mergers where stockholders may receive cash or non-publicly traded securities require the consent of a supermajority in interest of certain major purchasers of its recent Class H and Class I Warrants. If the Company is unable to obtain such consent, it may be unable to obtain consummate mergers or sales of its company that may be favorable to stockholders. Such provisions could also deter potential buyers from initiating an offer.

T3 Motion's Common Stock may be thinly traded. Investors may be unable to sell at or near ask prices or at all if needing to sell to raise money or otherwise desiring to liquidate the shares.

The Company cannot predict the extent to which an active public market for its Common Stock will develop or be sustained. T3 Motion's Common Stock is listed on the NYSE Amex, but the Company cannot assure that investors will obtain sufficient liquidity in their holdings of its Common Stock. This situation may be attributable to a number of factors, including that T3 Motion is a small company relatively unknown to stock analysts, brokers, institutional investors, and others in the investment community that generate or influence sales volume, and that even if the Company came to the attention of such persons, they tend to be risk averse and would be reluctant to follow an unproven company or purchase or recommend the purchase of its shares until such time as it became more seasoned and viable.

Consequently, there may be periods of days, weeks, or months when trading activity is minimal or non-existent versus a seasoned issuer that has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. The Company cannot give investors any assurance that a broader or more active public trading market for its Common Stock will develop or be sustained, or that current trading levels will be sustained or not diminish. As well, there is no guarantee that T3 Motion's securities will remain listed on the NYSE Amex. If T3 Motion does not meet continued listing requirements, its Common Stock could be delisted. The Company's underwriters from the recent public offering of its securities are not obligated to make a market in its securities, and even after making a market, can discontinue market making at any time without notice. Neither the Company nor the underwriters can provide any assurance that an active or liquid trading market in its securities will develop or, if developed, that the market will continue.

In addition, T3 Motion's liquidity of its Common Stock and market capitalization could be adversely affected by its 1-for-10 reverse stock split on May 16, 2011.

Recent Events

T3 Motion, Inc. ("T3 Motion" or "the Company") routinely showcases its EV products at conferences and expositions around the U.S. In August 2011, the New York Stock Exchange (NYSE) held a "T3 Day," featuring rides on the T3 Series electric stand-up vehicle (ESV). Other 2011 events have included the 6th Annual Energy Showcase, the FBI's NAA 2011 Annual Training Conference, and the Midwest Security and Police Expo, among others. T3 Motion's products are also often the subject of global news and press coverage and frequently YouTube videos due to their presence at newsworthy events. Please refer to T3 Motion's Media Coverage sections of its website at http://www.t3motion.com/inthenews_print.html and http://www.t3motion.com/inthenews_tv.html for greater details. As well, the Company distributes its own news through press releases, as summarized below.

02/07/2012—Announced that T3 Motion was launching its international consumer product line at the Big Boys Toys show in Dubai, the week of February 7th. The Big Boys Toys 2012 event is held at Atlantis the Palm in Dubai, hosting a number of exclusive innovative product launches from all over the world.

01/31/2012—Announced that it was awarded a contract from the Singapore Police Department for 12 T3 ESVs to be used by the Singapore Police Department at the Changi Airport and downtown patrol initiatives.

01/24/2012—Announced that it received an order from its newly appointed Nigerian distributor for 126 T3 ESVs and 126 Motiontrak GPS tracking systems. The vehicles are anticipated to be used for government customs and security initiatives. T3 Motion is expanding its manufacturing capabilities in order to meet the increased demand for its vehicles, which has resulted in record backlog orders of over 500 units.

01/20/2012—Announced that it received a letter from NYSE Amex LLC (AMEX) dated January 17, 2012, indicating that the Company is not in compliance with the audit committee composition requirements set forth in Section 803(B)(2)(c) of the Amex Company Guide, which requires that the audit committee be composed of at least two independent members. AMEX advised that the Company has until the earlier of its next annual meeting or December 31, 2012, to regain compliance.

01/11/2012—Announced that the U.S. Patent and Trademark Office (USPTO) granted T3 Motion a patent for the use of the T3 swappable battery system, charger, configuration, and communication system between them. The battery system patent, "Batteries and Battery Monitoring and Charging System," was granted on December 6, 2011.

01/04/2012—T3 Motion announced that it received a 200-unit order from A&M Garments in Kuwait for its Motiontrak 300P black box units. Each Motiontrak 300P is expected to be deployed with patrol fleets, tracking logistical information and video documentation of the environment surrounding the vehicle.

12/20/2011—T3 Motion was awarded an 11-unit contract by Amtrak transportation services. Amtrak intends to use the T3 Series vehicles for platform and parking structure patrols and security at seven locations including New York City, Hamden, Los Angeles, Chicago, Philadelphia, Baltimore, and Washington DC.

12/13/2011—Announced that its national partner, U.S. Security Associates, received its 100th T3 Series ESV. U.S. Security Associates, an American security firm headquartered in Atlanta, Georgia, has over 140 national offices and 35,000 employees.

12/09/2011—Announced the launch of its T3 Series consumer version, the T3 Power Sport. T3 Motion unveiled the new product at the Progressive International Motorcycle Show in Long Beach, California, on December 9, 2011. The T3 Power Sport is expected to be available in the first quarter 2012.

12/07/2011—Announced that it was scheduled to present at the LD MICRO Conference in Los Angeles, California, on December 8, 2011.

11/30/2011—Announced that the T3 Series ESV was used in trials with various French National Police departments and municipalities, in order to evaluate the effectiveness of the ESVs as part of a nationwide campaign to reduce crime. During the initial trial period in two cities, the French government observed a drop in crime by 12.7% and 8%, respectively. In addition, T3 ESVs were used in the French city of Nantes to more than double the number of law enforcement patrols, leading to an observed reduction in crime.

11/02/2011—Announced that TeleStop SpA, T3 Motion's Chilean distributor, received a second shipment of T3 Series ESVs, bringing the total Chile deployments to 20 vehicles. The vehicles were expected to be sold to law enforcement, military, and private security companies throughout Chile.

10/25/2011—Announced that Saint Louis University (SLU) purchased T3 Series ESVs to perform campus security and community patrol efforts. The SLU Department of Public Safety and Security Services plans to use the vehicles to expand its patrol capabilities throughout the campus.

10/19/2011—Announced the launch of the T3 Non-Lethal Response Vehicle (NLRV), designed to provide law enforcement with humane and safe alternatives for use during riots and protests. The T3 NLRV was unveiled at the International Association of Chiefs of Police conference in Chicago on October 23, 2011.

10/12/2011—Announced that the Kuwaiti Ministry of the Interior placed additional orders for T3 ESVs, bringing the total deployment in Kuwait to $448,000. The initial shipments were delivered to the Kuwaiti Ministry of Interior to use for airport security and coastal patrols.

10/05/2011—Announced the shipment of a $117,600 order for T3 Series ESVs to Luxury Carts, a T3 ESV distributor in Saudi Arabia. This initial shipment was part of Luxury Carts' blanket purchase order for up to $1,881,000 to supply law enforcement agencies and security companies throughout Saudi Arabia.

09/28/2011—Announced that the City of Compton, California, placed an $109,621 order for T3 Series ESVs for community development campaigns with the Compton Municipal Law Enforcement Services Department, including parking enforcement and community policing initiatives.

09/12/2011—Announced that Luxury Carts was selected to exclusively distribute the T3 Series ESVs in Saudi Arabia. T3 Motion received an initial purchase order of roughly $231,000.

08/30/2011—Announced that the Company was named a finalist for "Company of the Year" through CleanTech OC, a trade association promoting Orange County's clean technology industry.

08/24/2011—Announced that the T3 Series ESV was expected to be used by the South Korean Police Department for security and crowd control at the 2011 International Association of Athletics Federation (IAAF) World Championships held from August 27, 2011, to September 4, 2011. Approximately 2,000 athletes from over 200 countries were expected to participate in the games.

08/17/2011—Announced that the University of Southern California (USC) placed an order for nine additional T3 Series ESVs to supplement their security EV fleet. In 2007, USC commenced a trial period to assess the T3 Series' benefits and capabilities. Since then, the school has purchased 28 ESVs.

08/15/2011—Announced that the NYSE hosted "T3 Day," showcasing T3 Motion's products in Experience Square, located just outside the exchange. The event featured rides on T3 Series ESVs and showcased the R3 Series EV and the T3 Series ESV on the floor of the exchange.

07/26/2011—Announced its expansion into Egypt with a new distribution agreement with the Giza Company for Electric Vehicles. Giza is exclusively distributing the T3 Series ESV in Egypt. Giza placed an initial $105,000 order, expected to be shipped during the third quarter 2011.

07/12/2011—Announced the signing of a distribution agreement with Chile's Telestop Electronic Control Devices, a Chilean reseller of security and military devices. The partnership provides Telestop with exclusive rights to market and distribute the T3 Series ESV in Chile, marking the Company's second entry into the South American market. The agreement included an initial order of $111,000.

07/06/2011—Announced the release of its newest product, the T3 License Plate Recognition (T3 LPR) System.

06/30/2011—Announced that its Warrants were approved for listing on the NYSE Amex and were expected to commence trading on July 1, 2011. The Class H and Class I Warrants are expected to trade under the symbols "TTM.Z" and "TTM.W," respectively. The Common Stock is continuing to trade under the symbol "TTTM." The Company's security units (TTM.U) stopped trading effective June 30, 2011.

06/17/2011—Announced that Intense Protection & Tourist Services, the exclusive distributor of T3 Series ESVs throughout South Africa, placed $416,500 in additional orders, bringing its total purchases to $808,000. The Company's ESVs are currently deployed by the South African Police Force (SAPS) and in private security agencies in the Presidential Estate, the Minister's compounds in Cape Town, and at various ports and airports.

06/16/2011—Announced that an order for multiple T3 Series ESVs valued at $100,000 was placed by Singapore GP Pte Ltd., the company that organizes the Singapore Grand Prix Formula One event. This represents the first time T3 Motion's ESVs have been used at a Grand Prix race.

06/01/2011—Announced that Telecomunicaciones y Servicios del Norte (TSN), the distributor for T3 Series ESVs in Mexico, placed a $309,000 order to supply the vehicles to law enforcement agencies and security companies throughout Mexico. ESVs are currently deployed in Mexico to fulfill numerous security needs, including tourist safety patrols in Acapulco and plaza security in Nuevo Laredo and Guadalajara.

05/23/2011—Announced that T3 Motion closed a $11.1 million public offering of 3,171,429 units of its securities. Each unit consists of one share of Common Stock, one Class H Warrant, and one Class I Warrant.

05/16/2011—Announced that it increased the size of its public offering to $11.1 million, to include a $1.1 million exercise of underwriters' overallotment option.

05/12/2011—Announced that its Common Stock was approved for listing on the NYSE Amex.

04/19/2011—Announced that the R3 Series incorporates a Samsung Galaxy Tab into the dashboard design.

04/05/2011—Announced the completion and delivery of the R3 Series prototype, described on pages 26-28. The prototype is on display at T3 Motion's headquarters in Costa Mesa, California.

02/10/2011—Announced that T3 Series ESVs were deployed by the Arlington Police Department (Arlington, Texas) to assist in security measures for Super Bowl XLV. Ten vehicles were purchased by the Arlington PD upon the construction of a new stadium and have been used to patrol the 140-acre grounds during all major events.

01/18/2011—Announced an initial order for T3 Series ESVs totaling $391,000 from Intense Protection & Tourist Services in South Africa. The expansion into South Africa propels T3 Motion into six of the seven continents.

01/13/2011—Announced that, according to Company estimates, T3 Motion's electric vehicles have logged an excess of 20 million miles, resulting in a reduction of over 12,000 tons of CO_2 emissions and estimated savings of over $9 million in operating costs by customers, since their introduction in 2007.

Glossary

3G Network—The third generation of mobile phones and mobile telecommunications standards.

AC Induction Motor—AC, or alternate current, is the standard type of electricity in homes. An AC induction motor is a type of AC motor where power is supplied to the rotor by means of electromagnetic induction. These motors are robust, have no friction, and their speed can be easily controlled.

Black Box—A crash-resistant container that holds instruments to record performance data in airplanes or cars. The information can be used to analyze the cause of accidents.

Brushless DC Motor—DC, or direct current, is a form of electricity where current only flows in one direction. Brushless DC motors are highly efficient and have more torque. They have no brushes, therefore fewer wearing parts and maintenance.

Controller—Also known as a speed controller, this is a piece of equipment that provides an electric motor with power based on throttle input signal.

Electric Stand-up Vehicle (ESV)—A personal mobility vehicle designed to be operated from a standing position that runs on electric batteries and motors instead of a gasoline-powered engine.

Energy Density—A measurement of the amount of energy stored in a given system per unit volume. It is the ratio of available energy per pound and is usually used to compare the efficiency of storage batteries.

G-Force—A unit of force equal to the force exerted by gravity; used to indicate the force to which a body is subjected when it is accelerated.

General Services Administration (GSA) Schedule—A group of pre-negotiated contracts that allows government agencies to purchase goods from pre-approved vendors with a minimum of paperwork.

Global Positioning System (GPS)—A space-based global navigational satellite system that provides users with reliable information regarding location, velocity, and time.

Google Earth—A virtual globe, map, and geographic information software program from Google Inc. (GOOG-NASDAQ) using a patchwork of satellite images and other information, made for viewing three-dimensional maps of the Earth.

Greenhouse Gas (GHG)—A gas in the atmosphere that prevents heat from radiating back into space, and thus warms the earth (the greenhouse effect). Carbon dioxide (CO_2) is the most common GHG.

Grumman Mail Delivery Trucks—Also known as the Grumman Long Life Vehicle, these are light transport trucks designed for and primarily used by the U.S. Postal Service (USPS). In the U.S., it is the most common vehicle used by letter carriers for curbside and residential delivery of mail.

Hot Swap—To remove a component from a system and insert a new one while the main power is still on.

Internal Combustion Engines (ICE)—An engine that generates power by burning gasoline, oil, or another fuel with air inside the engine. The hot gases produced are used to drive a piston or do other work as they expand. An ICE is considered the standard method of powering a vehicle.

Kilowatts—A measure of power or electrical energy that is approximately equivalent to 1.34 horsepower. A kilowatt hour is the base unit used in measuring electrical consumption.

Lead-acid Batteries—The oldest type of rechargeable battery. These are considered to be cheap, heavy batteries, lagging in efficiency compared to newer-generation battery technologies.

Light-emitting Diode (LED)—A semiconductor light source. A type of bulb that uses less energy and has a longer life span than both incandescent and compact fluorescent light bulbs.

Lithium-Ion Battery—A family of lightweight, high-capacity rechargeable batteries commonly used in most mobile phones and other consumer electronics. They are under rapid development for electric and hybrid vehicles. They offer favorable energy-to-weight ratios, are not associated with memory effect, and have a minimal charge loss when not in use.

Lithium-Polymer Batteries—see *Lithium-Ion Battery*.

Multi-Link, Dual Shock Suspension—A type of vehicle suspension that uses multiple links to respond more precisely to the terrain and control wheel movement, typically used in independent suspensions.

Nickel-Metal Hydride (NiMH) Batteries—Rechargeable batteries that are typically less expensive than lithium-ion batteries but have more bulk and lower specific energy than counterparts. Over two million hybrid cars use NiMH batteries, including the Toyota Prius, Honda Civic, and Ford Fusion, among others.

Organization of Petroleum Exporting Countries (OPEC)—A cartel formed in 1961 to create a policy for the production of oil, with the intent to control prices. Current members are Algeria, Angola, Ecuador, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.

Plug-In Hybrid—A vehicle that has a gasoline-powered engine and a bank of batteries that can be recharged by plugging them into an outlet. These vehicles usually use the electric motor for a specific number of miles and then use the gasoline engine as a backup.

Polycarbonate ABS—A group of thermoplastics characterized by high-impact strength, heat-resistance, lightweight, and flexibility that are normally used for light, rigid, molded products.

Potentiometers—Instruments for measuring the potential (voltage) in a circuit**.**

Power Modules—Systems that power machinery or electrical components. In an EV, the power module is a battery array that powers the electrical motor.

Printed Circuit Board Assemblies (PCBA)—Rigid flat boards that hold chips and other electronic components.

Range Anxiety—The fear that a vehicle has insufficient range to reach its destination, thereby stranding the vehicle's occupants.

Return on Investment (ROI)—A performance measure used to evaluate the efficiency of an investment or to compare the efficiency of a number of different investments.

Samsung Galaxy Tablet—A portable tablet computer by the Samsung Electronics Company Ltd. (SSNLF-OTC), showcasing a flat touchscreen, Wi-Fi connectivity, and Google's Android operating system.

Secure Digital (SD) Memory Card—A memory card format for use in portable devices.

Wi-Fi—A group of technical standards enabling the transmission of data over wireless networks.

Zero-Emission—A motorized vehicle with zero tailpipe emissions and no greenhouse gases. Electric vehicles and fuel cell vehicles qualify as zero-emission.

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