

**Opening Statement of the Honorable Fred Upton  
Chairman, Committee on Energy and Commerce  
“The Solyndra Failure: Views from DOE Secretary Chu”  
November 17, 2011  
(As Prepared for Delivery)**

Thank you, Mr. Chairman, for holding this hearing on the Department of Energy’s role in the approval and subsequent restructuring of the Solyndra loan guarantee. Welcome, Secretary Chu, and thank you for your participation today. A central focus of the investigation is to understand why DOE did what it did and how we find ourselves with this taxpayer-funded debacle.

The number of red flags about Solyndra that were raised along the way—many from within DOE—and either ignored or minimized by senior officials is astonishing.

Before the loan guarantee was approved, DOE and OMB staff repeatedly questioned the financial health of Solyndra and, based on the rate it was burning through cash and other troubling issues; the truth is, the expert staff were concerned that the company was bound to fail.

We have heard from President Obama, and even from you, Secretary Chu, that nobody had a crystal ball and no one could have predicted Solyndra’s demise. But the truth is, the DOE staff DID predict this – one of the models reviewed by DOE staff specifically showed that Solyndra would run out of cash in September 2011. In March 2010, just six months after the initial loan agreement was finalized, Solyndra’s auditors echoed many of the same issues about working capital and recurring losses, and warned that Solyndra was going to have problems staying afloat. These concerns were not only shared by industry experts, they reached the highest levels of the West Wing. Yet, at DOE, officials were shrugging it off and calling it par for the course. Two months later, President Obama actually went to Solyndra’s headquarters and gave a speech, touting the company as an economic success story – in spite of numerous warnings from both supporters and government staffers.

These are just a few examples of the red flags DOE could have acted on to limit taxpayer losses. Instead, at every opportunity, Solyndra and DOE officials, including Secretary Chu, publicly assured the American people that Solyndra was on track and would eventually thrive, right up until the time that Solyndra declared bankruptcy. They continued telling this story even when they clearly should have known it was not the case. DOE was receiving financial reports showing that Solyndra was bleeding cash and going bankrupt. DOE also failed to mention that, behind the scenes, they were continually taking extraordinary steps to keep Solyndra on financial life support.

What did Secretary Chu know about the situation at Solyndra, when did he know it, and how did he act on this information, if at all? These are all important questions we will ask today. As I’ve said before, Secretary Chu’s testimony is an important piece of the overall Solyndra puzzle. We will work methodically, following the facts, to get to the bottom of why taxpayers are now on the hook for a half billion dollars.