

Project MAXIMUM BOOST

Racing to Advanced Air Mobility

\$11 Billion Federal Strategic Investment

\$19.8 Billion Total Program Impact

SUBMITTED TO

United States Investment Accelerator

Pursuant to Executive Order 14255

The Honorable Pat Harrigan

U.S. Representative, North Carolina's 10th District

SUBMITTED BY

X1 Racing

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X1 Racing — Project MAXIMUM BOOST

Program Financial Framework

The opportunity. X1 Racing proposes a public-private strategic investment to accelerate U.S. leadership in Advanced Air Mobility (AAM) through X1 Racing, the world's first flying-car racing series, and its X1 Cup championship. Up to 17 team entities, fielding up to 50 aircraft with OEM involvement, will compete in hybrid-electric flying cars capable of 200+ mph, flown by remote pilots with mandatory SI (Super Intelligence) augmentation. The series is the program's certification development accelerator, and its deliverable is the type certification of an integrated package: airframe, SI co-pilot, and powertrain, targeted for January 20, 2029. The IP rule is simple. Through Phase 1, all data, designs, and IP generated in the program are shared among all participants until the integrated package is certified, and Phase 1 output ultimately enters the public domain to accelerate civilian AAM, national security applications, freight, and grid resilience. Phase 2 commercialization begins at certification, when teams and OEMs may monetize their own products. X1 Racing and the United States earn from racing entertainment, not from selling program IP.

The investment structure. In exchange for an \$11 billion federal strategic investment, leveraged to approximately \$19.8 billion in total program impact through \$8.8 billion in corporate, sponsor, and manufacturer matching commitments, the United States Government receives a 10% non-voting equity stake in the X1 Racing commercial operating company, modeled on the Intel CHIPS Act equity conversion (9.9% common equity for \$8.9 billion in federal support). The federal position carries a senior liquidation preference: first claim on assets in a dissolution, with no voting rights and no operational control. The federal commitment is split into two tranches: \$2.2 billion in direct capability investment available for immediate deployment at investment closing, and an \$8.8 billion sponsorship-matching pool deployed dollar-for-dollar against verified arms-length commercial sponsorship over a nine-year window.

The matching mechanism, a direct CHIPS parallel. Federal match unlocks dollar-for-dollar against verified arms-length sponsorship procured by either team entities or X1 Racing itself for series title sponsorship. Team-procured sponsorship flows through X1 as series prime contractor with a 5% sanctioning fee during the federal program; teams retain 95% of team-level commercial sponsorship dollars, and X1 retains 100% of series title sponsorship it procures directly. Federal match flows separately as restricted R&D capital, on top of retained sponsorship dollars. After federal program sunset, the sanctioning fee transitions over two years to a 10% commercial-standard rate, reflecting the series' shift from federally assisted launch to self-sustaining commercial operations. This creates merit-based capital deployment with no government picking of winners: teams that deliver competitive performance attract more sponsors, which unlocks more federal match into their R&D, which compounds capability development. Teams and the series draw from a single pool; series-level title sponsorship and team-level sponsorship operate at different commercial scales and do not meaningfully compete. The match deploys at 1:1 through Year 7, phases down to 0.75:1 in Year 8 and 0.5:1 in Year 9, with a hard cliff at the end of Year 9. Any undeployed match capacity reverts to Treasury.

Pass-through structure. Federal match flows through X1 Racing as prime contractor under R&D services agreements with each team, characterizing the flow as federal R&D procurement rather than subsidy redistribution. An independent third-party verifier (Big 4 audit firm) certifies arms-length, fair-market-value sponsorship before any reimbursement deploys, and applies the same gate to series-side title sponsorship to prevent any prime-contractor conflict of interest. X1 retains a 5% program administration rate on pass-through to cover compliance, audit, monitoring, and program management, consistent with federal R&D prime contractor norms and well below the standard 10–15% indirect cost benchmark. All pass-through revenue and expense is segregated on X1’s books as restricted federal pass-through to prevent gross-up distortion of operating financials. Federal match deploys on a reimbursement basis after sponsorship is invoiced and received, with a revolving credit facility in place to bridge the verification-to-reimbursement timing gap.

Direct tranche deployment. The \$2.2 billion direct tranche deploys immediately at investment closing to fund proof-of-concept hardware, demonstrator builds, software and SI development, airframe and powertrain prototyping, safety telemetry, and series launch and operations infrastructure. Speed is essential to compress the timeline from closing to first powered flight and first sanctioned race. Capital is restricted to capability and series-launch use under approved budget categories, with no distributions, equity buybacks, or non-operating expenditures permitted. An independent third-party auditor (Big 4 firm) certifies use against approved categories annually. Three structured stage-gate reviews (first powered demonstrator flight, first sanctioned race, and type certification of the integrated package) provide federal performance visibility without gating capital release. The federal position’s senior liquidation preference gives taxpayers first claim on assets in any dissolution.

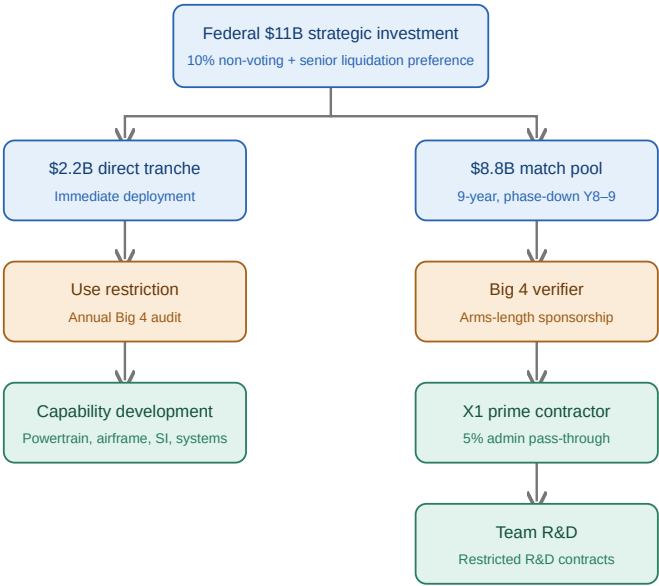


Figure 1. Federal \$11B capital flow: immediate-deployment direct tranche under audit, and matched R&D pass-through.

Capital allocation, cleanly separated. Federal capability capital and matched R&D dollars (100%) are deployed exclusively to capability-building: software, SI, hardware, airframe, and powertrain development; safety telemetry; infrastructure; and series operations. No taxpayer dollar funds prize payouts. Commercial revenue is segregated into four streams. Sponsorship: team-procured deals flow 95% to teams and 5% to X1 as series sanctioning fee, while X1-procured series title sponsorship flows 100% to operations. Media rights revenue funds the Prize Fund: 3% off the top to a Safety & Contingency Reserve, then a performance-based Prize Fund pro-rated by championship standings and capped at 17% of total program revenue, with the remainder flowing to operations and reinvestment. Gate, hospitality, and merchandise revenue flows to operations and reinvestment. Program IP is not sold or licensed; the series earns from racing entertainment.

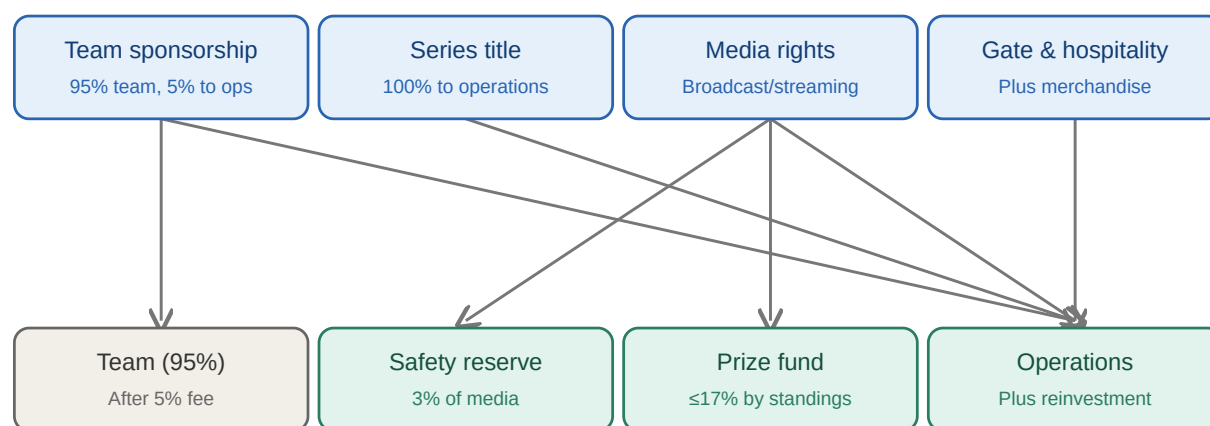
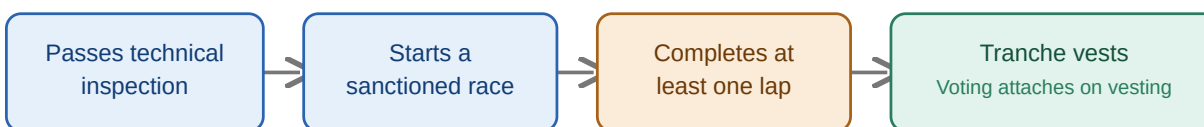


Figure 2. Commercial revenue allocation during the federal program. Team-procured sponsorship flows through X1 with a 5% series sanctioning fee (95% to team), transitioning to a 10% commercial rate post-sunset; series title sponsorship and gate, hospitality, and merchandise flow 100% to operations; media rights fund the safety reserve and prize fund.

Equity structure. *Federal:* 10% non-voting, with a senior liquidation preference. This is pure economic upside without operational interference, the appropriate stewardship posture for a series that must remain operationally independent. *Teams:* 25% aggregate pool, voting on vested equity. Each team entity earns 0.5% per car fielded, up to four cars (2%) per team, with a 50-car cap across up to 17 team entities. Team equity is sweat equity; no cash investment is required. Each car's equity vests in tranches as the car passes technical inspection, starts a sanctioned race, and completes at least one lap, and voting rights attach as equity vests. Vesting is a hybrid: a Phase 1 portion vests on participation through certification, and a Phase 2 portion vests on continued participation through a defined post-certification tail. Cars that miss races miss tranches, and a reverse-vesting clawback returns unvested equity to the treasury reserve if a team withdraws or habitually fails to start. *Treasury reserve:* 14% non-voting, held for strategic partnerships, the employee equity pool, and clawback recoveries. *Leadership:* 51% super-voting, retained for series control and long-term execution, with single-trigger change-of-control acceleration so operational control cannot be removed through hostile acquisition during the pre-certification window. Private capital participates on a non-voting basis.

Per-car vesting: each race appearance earns the next tranche



0.5% per car · up to 4 cars (2%) per team · 50-car cap · Phase 1 and Phase 2 portions · missed starts → treasury

Fully diluted ownership of X1 Racing

Leadership 51% Super-voting	Teams 25% Voting on vested equity	Treasury 14% Non-voting	Federal 10% NV
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Team pool: 50 cars × 0.5% = 25%. Federal position: non-voting, senior liquidation preference (first claim in dissolution).

Reverse-vesting clawbacks return unvested team equity to the treasury reserve, not to other teams.

Figure 3. Team equity vests per car through race participation; ownership of X1 Racing across leadership, teams, treasury, and the federal position.

Stewardship safeguards. A binding three-year reinvestment covenant requires all net profits to be reinvested into R&D and milestones before any dividends, fiscal discipline exceeding the original CHIPS structure. The federal stake's implied valuation will be anchored in a formal valuation memo with third-party fairness opinion, triangulating comparable motorsport franchise valuations, the AAM market opportunity with defensible capture assumptions, and milestone-based step-ups. The proposal package identifies the specific executive authority for federal equity participation under EO 14255, supported by a legal opinion locking the mechanism before any deployment. Because an executive order can be revoked by a successor administration, the program is built to deliver its certified package by January 20, 2029.

Why this structure improves on CHIPS. CHIPS deployed \$8.9 billion of upfront capital against existing manufacturing at established public companies, governed by use restrictions and reporting. X1 Racing deploys \$2.2 billion of direct capital on the same well-precedented basis (use-restricted, annually audited, with structured stage-gate performance reviews), while the larger \$8.8 billion match tranche deploys only against verified arms-length commercial sponsorship, a stronger market-validation gate than CHIPS itself used. Governance is intentionally cleaner: federal economic upside without political interference in race operations. The matching mechanism creates merit-based deployment that aligns federal, team, OEM, and operator incentives without the picking-of-winners critique that has historically shadowed industrial policy programs. The federal senior liquidation preference, the three-year reinvestment covenant, and reverse-vesting clawbacks across team equity together provide stronger fiscal discipline than the Intel transaction.

Returns. Conservative ROI: break-even by Years 5–7, 10–15× multiple by Year 10 through equity appreciation and media and sponsorship growth. Strategic returns: accelerated U.S. AAM leadership, a certified integrated package whose Phase 1 knowledge enters the public domain, thousands of high-skill jobs across motorsport, aerospace, and energy sectors, exportable safety

and certification standards, dual-use defense applications with the Department of War, and a televised national showcase of American manufacturing and aerospace leadership.

The bottom line. Project MAXIMUM BOOST is a market-validated federal strategic investment. The \$2.2 billion direct tranche deploys immediately under use restriction and annual audit to maximize speed to first flight and first race; the \$8.8 billion match tranche deploys only against verified commercial sponsorship that proves market demand. Federal capital and commercial entertainment economics are cleanly separated. Equity incentives align across federal, team, OEM, and operator stakeholders. It is the fastest, lowest-risk path to real-world AAM commercialization at scale.