

## Fisker May Never Build Electric Cars in US

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### Car Company Got \$200 Million Energy Department Loan

The luxury carmaker Fisker Automotive continues to signal it could ditch plans to build its next generation hybrid electric vehicle in the United States, despite the nearly \$200 million in Obama administration loan money it has already received.

Fisker received federal funds in part to help purchase a shuttered General Motors plant in Delaware, where it predicted it would one day employ 2,000 auto workers to assemble the clean-burning gas-electric family car, known as the Atlantic.

But company executives began hinting in February that it would reconsider that plan and look for a cheaper place to build the car after the Department of Energy froze the \$529 million green-energy loan the company had received, and had been drawing on since 2010.

Fisker used the first \$169 million in taxpayer funds to bring to market the Karma, a flashy \$100,000 hybrid sports sedan that it assembles in Finland. After a series of delays and stumbles, the company announced it had sold its first 1,000 Karmas, bringing in \$100 million in revenues so far this year. The sleek, high-end model has been well received by critics, and the company reported this week it has started to sell in Europe, and could soon be on sale in the Middle East.

Earlier this year, one of the Karmas stopped working in the middle of a Consumer Reports road test -- an embarrassing breakdown that Fisker later blamed on a faulty battery. The lithium-ion batteries became the subject of a recall, including for a defect that raised the risk of fires.

More recently, one of the high-priced cars went up in flames in the garage of its Texas owner. Fisker said the car was unplugged at the time of the fire and the battery pack was intact and still working after the blaze -- all clear indications, they said, that neither the car nor its battery had anything to do with the fire. A spokeswoman for the National Highway Traffic Safety Administration told ABC news the agency is "aware of the incident and is working with local authorities to evaluate whether there are any potential safety implications."

The U.S. Department of Energy has said little about its decision to freeze the balance of Fisker's loan, which was intended to pay for the development of the Atlantic. The department confirmed it hired a restructuring advisor to study the terms of the agreement and assess the performance of the company.

"The Department continues to review Fisker's financial and operating status and is working with the company to review its revised business plan, but no decisions have been made," an Energy Department official said in response to questions from ABC News.

### Fisker: 'Other Options Are Open to Us'

Roger Ormisher, a Fisker spokesman, acknowledged that Fisker had failed to meet the government's milestones for the rollout of the Karma, and that those delays "put us into the process of negotiation with the DoE, who put further monies on hold until we could settle on mutually agreeable milestones" for the rollout of the next car.

It now appears that the company's decision about where to assemble the Atlantic could hinge on whether it will continue to receive federal support. ABC News asked Ormisher if Fisker still felt bound to manufacture the car in Delaware if federal funds were no longer available, or if the company would look for a cost-effective location in or outside the U.S. to build the car.

"If Fisker no longer gets government monies, then obviously we are in a place where other options are open to us and have to be considered from a business perspective," Ormisher said. "However, given the work that we have done

at the plant in Delaware and the fact that we own it, it is still our primary option to consider."

Fisker appears to be preparing for the possibility it will need to move forward without further government support. The company has continued an aggressive push for outside investors.

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"It is important to note that Fisker Automotive's success is not dependent on government money," Ormisher said. "We are primarily privately funded, having raised more than \$1 billion in private equity financing since 2007."

One of the company's major backers is the venture capital firm Kleiner Perkins Caufield & Byers, according to published reports. The firm's partners include John Doerr, a billionaire tech mogul who serves on President Obama's Economic Recovery Advisory Board.

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