



# U.S. DEPARTMENT OF **ENERGY**

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## **Obama Administration Awards First Three Auto Loans for Advanced Technologies to Ford Motor Company, Nissan Motors and Tesla Motors**

**Washington, DC** – Today, the Obama Administration announced \$8 billion in conditional loan commitments for the development of innovative, advanced vehicle technologies that will create thousands of green jobs while helping reduce the nation's dangerous dependence on foreign oil. The loan commitments announced today by the President include \$5.9 billion for Ford Motor Company to transform factories across Illinois, Kentucky, Michigan, Missouri, and Ohio to produce 13 more fuel efficient models; \$1.6 billion to Nissan North America, Inc. to retool their Smyrna, Tennessee factory to build advanced electric automobiles and to build an advanced battery manufacturing facility; and \$465 million to Tesla Motors to manufacture electric drive trains and electric vehicles in California.

These are the first conditional loan commitments reached as part of the Department of Energy's Advanced Technology Vehicles Manufacturing program. The Department plans to make additional loans under this program over the next several months to large and small auto manufacturers and parts suppliers up and down the production chain.

"We have an historic opportunity to help ensure that the next generation of fuel-efficient cars and trucks are made in America," said President Obama. "These loans – and the additional support we will provide through the Section 136 program – will create good jobs and help the auto industry to meet and even exceed the tough fuel economy standards we've set, while helping us to regain our competitive edge in the world market."

"By supporting key technologies and sound business plans, we can jumpstart the production of fuel efficient vehicles in America," Secretary Chu said. "These investments will come back to our country many times over – by creating new jobs, reducing our dependence on oil, and reducing our greenhouse gas emissions."

These commitments will help reduce the 140 billion gallons of gasoline Americans consume each year, lessening the nation's dependence on the volatile world market for oil, and decreasing the cause of a fifth of the nation's carbon emissions. The Obama Administration recently announced an agreement to raise passenger car fuel standards from 27.5 miles per gallon to a target of 35 miles per gallon (mpg) by 2016. While 35 mpg is ambitious, the Department of Energy's auto loan program received more than a hundred applications for loans to help achieve greater fuel efficiency. The competition among advances in conventional engine technologies, next-generation biofuels, and transportation electrification holds the potential to increase US fuel efficiency dramatically over the next several years.

The Advanced Technology Vehicles Manufacturing Loan Program is an open and competitive process focusing on the best companies and best technologies in American manufacturing. First appropriated in the fall of 2008, the program will provide about \$25 billion in loans to companies making cars and components in US factories that increase fuel economy at least 25 percent above 2005 fuel economy levels. The intense technical and financial review process is focused not on choosing a single technology over others, but is aimed at promoting multiple approaches for achieving a fuel efficient economy.

Applications for the loan program have included vehicles running on electricity, biofuels, and advanced combustion engines, and were submitted by both car and component makers, US automakers, US manufacturing subsidiaries of non-US-based companies, major US auto parts suppliers, and innovative startups.

### **Ford**

Ford Motor Company will receive \$5.9 billion in loans through 2011 to help finance numerous engineering advances to traditional internal combustion engines and electrified vehicles. In addition, these loans will help the company convert two truck plants to the production of cars. Ford will be raising the fuel efficiency of more than a dozen popular models, including the Focus, Escape, Taurus and F-150, representing close to two million new vehicles annually and helping to transform nearly 35,000 employees to green engineering and manufacturing jobs in factories across 5 states: Illinois, Kentucky, Michigan, Missouri, and Ohio. Ford is driving a major upgrade, leveraging a portfolio of technologies, including the direct injection, smart turbocharging EcoBoost engine, advanced transmissions, and new hybrid technologies.

The facilities that will be impacted by today's announcement include: Chicago Assembly, Louisville Assembly, Dearborn Assembly, Dearborn Engine, Livonia Transmission, Michigan Assembly, Van Dyke Transmission, Kansas City Assembly, Cleveland Engine, Lima Engine, and Sharonville Transmission.

### **Nissan**

Nissan will receive \$1.6 billion to produce electric cars and battery packs at its manufacturing complex in Smyrna, Tennessee. The loan will aid in the construction of a new battery plant and modifications to the existing assembly facility. These fully electric cars are an important milestone for vehicles produced in the United States by a major international automaker. These cars are energy efficient, using electricity at a gasoline-equivalent rate of more than 350 mpg. This new state of the art facility is a notable effort by a major automaker with well-established US operations to produce its most advanced vehicles and lithium-ion batteries. Nissan aims to manufacture a cost-competitive all-electric car, overcoming a major obstacle to widespread adoption of pure electric vehicles. Nissan will offer electric vehicles to fleet and retail customers, and plans to ramp up production capacity in Smyrna up to 150,000 vehicles annually. Nissan anticipates the project may result in an increase of up to 1,300 jobs in Smyrna when full production is reached.

### **Tesla**

Tesla Motors will receive \$465 million that will also advance electric vehicles. The first loan will finance a manufacturing facility for the Tesla Model S sedan. This vehicle demonstrates how the emerging electric car is becoming more affordable: the Model S is expected to be roughly \$50,000 cheaper than Tesla's first vehicle, the Roadster. The all-electric sedan consumes no gasoline and runs entirely on electricity from any conventional 120V or 220V outlet. It will get the equivalent of more than 250 miles per gallon, far exceeding the 32.7 mpg minimum efficiency required for large sedans. Production of the Model S will begin in 2011 and ramp up to 20,000 vehicles per year by the end of 2013. This integrated facility expects to create 1,000 jobs in Southern California.

The second part of the loan will support a facility to manufacture battery packs and electric drive trains to be used in Teslas and in vehicles built by other automakers, including the Smart For Two city car by Daimler. This project demonstrates how Tesla's early technology will support electric projects at larger companies. Early pilot battery pack production will begin in 2011, reaching about 10,000 by 2012 and 30,000 packs in 2013. The new facility expects to employ 650 people in the Bay area of Northern California.

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