CA Automaker Receives $500m Govt. Loan

Ken Thomas, Associated Press Writer

WASHINGTON (AP) — Fisker Automotive, a California manufacturer of luxury electric vehicles, will receive more than $500 million in federal loans to develop a plug-in hybrid sports car with a sticker price of nearly $90,000 and a new plug-in hybrid vehicle to be built in the United States.

The Energy Department said Tuesday it would lend $528.7 million to Fisker from a $25 billion fund to develop fuel-efficient vehicles, making the Irvine, Calif., startup the fourth automaker to receive loans from the program. The government awarded $8 billion in loans to Ford Motor Co., Nissan Motor Co. and Tesla Motors Inc. in June to develop environmentally friendly cars.

"This investment will create thousands of new American jobs and is another critical step in making sure we are positioned to compete for the clean energy jobs of the future," said Energy Secretary Steven Chu. He estimated it would save or create about 5,000 jobs.

Fisker, launched in 2007, is expected to release its first vehicle, the Karma, in the summer of 2010. The $87,900 plug-in luxury sports sedan, which has solar panels on the roof and allows motorists to drive gas-free for 50 miles, will be built in Finland by Valmet Automotive.

Fisker will use $169.3 million in loans for engineering costs to complete the Karma and design tools and equipment at Fisker's office in Pontiac, Mich. The Energy Department said that while the assembly of the Karma will be done overseas, more than 65 percent of the parts will come from U.S. suppliers.

The remaining $359.36 million in loans will be directed to Fisker's Project Nina, an effort by the automaker to develop a lower-cost, higher-volume plug-in hybrid car by late 2012. Fisker has said the next-generation plug-in will sell for $39,900 and be built in the United States with an annual production of about 100,000 vehicles.

"This conditional loan represents a significant step in America's future," said Fisker CEO Henrik Fisker, a former designer with BMW AG and Aston Martin. "With it Fisker Automotive can rapidly develop affordable clean cars that satisfy our passion for driving and help restore the U.S. as an auto industry leader."

Fisker has raised tens of millions of dollars from top venture capital firms such as Palo Alto Investors and Kleiner Perkins Caufield & Byers, of which former Vice President Al Gore is a partner. The company has pre-sold more than 1,500 Karmas and recruited a network of 45 dealers.

The company has promoted the Karma as an example of green mobility. The vehicle's average fuel economy can exceed 100 miles per gallon and company

officials say the Karma could use as little as one tank of gas per year if driven fewer than 50 miles per day and fully charged overnight.

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