



Fisker Nears The End Of The Road

After Struggling To Produce Affordable Cars That Don't Catch Fire, Fisker Automotive Faces Congress Today On The Cusp Of Bankruptcy

"Fisker CEO Tony Posawatz, Along With The Company's Chief Operating Officer And Former CEO, Will Testify At A House Hearing Wednesday On The Struggling Plug-In Hybrid Electric Sports Car Company." (David Shepardson, "Fisker Fails To Make \$10M Payment To Energy Dept.," [The Detroit News](#), 4/22/13)

FISKER FACES CONGRESS AS THE COMPANY MISSES ITS FIRST LOAN PAYMENT AND THE ENERGY DEPARTMENT SEIZES \$21 MILLION FROM ITS RESERVE FUND

"The Energy Department Disclosed Monday That It Has Seized \$21 Million From Fisker Automotive, The Financially Distressed Electric Carmaker That Has Drawn \$192 Million In Federal Loans." (Ben German, "Energy Dept. Recoups \$21 Million From Struggling Green Automaker," [The Hill](#), 4/23/13)

The Department Of Energy Seized The Funds To Cover Fisker's First Installment On Its Taxpayer-Backed Loan. "The Department of Energy has allowed Fisker Automotive to tap a reserve account for cash to pay the first installment on a federal loan that was due today, the department reported late this afternoon. Delaware's economic development director, Alan Levin, said Fisker owed the Department of Energy \$20 million by today to satisfy a portion of its federal loan." (Aaron Nathans, "Fisker Taps Last Reserves To Make DOE Payment," [The News Journal](#), 4/22/13)

- ***"A Payment From Fisker Was Due Monday, But Was Not Made, A DOE Official Said."*** "A payment from Fisker was due Monday, but was not made, a DOE official said. The payment deadline, combined with the company's financial woes, had increased speculation that Fisker would file for bankruptcy as soon as Monday. No bankruptcy filing had occurred by late in the day." ("Energy Department Seizes \$21M From Troubled Electric Car Maker Fisker," [The Associated Press](#), 4/22/13)
- ***The Department Of Energy "Essentially Swept The Car Company's Account Clean."*** "An individual familiar with the process but not authorized to speak about Fisker's debt said the government essentially swept the car company's account clean but now must wait to see if the automaker is sold or obtains new investor money before it can try to recoup more of the loan." (Jerry Hirsch, "Fisker Automotive Misses Energy Department Loan Payment," [Los Angeles Times](#), 4/22/13)

DOE Drained Fisker's Reserve Fund To Make The Payment; Fisker Is Required To Keep Six Months Of Payments In The Account As Collateral On The Loan

DOE Has Seized The Money From Fisker's Reserve Account To Cover The Missed Payment. "The agency recovered \$21 million on April 11 from Fisker's 'reserve account' that wasn't part of the loan

amount, Aoife McCarthy, an Energy Department spokeswoman, said by e-mail. The agency cut off Fisker's access to its loan in June 2011 when the carmaker failed to meet production milestones. On April 5, Fisker dismissed about three-quarters of its 200 workers." (Angela Greiling Keane, "Fisker Said To Miss First Energy Department Loan Payment," [Bloomberg](#), 4/23/13)

- **According To DOE Documents, Fisker Is Required "At All Times" To Keep Six Months Of Loan Payments In A Debt Service Reserve.** "The Company will create a special debt service reserve account (the '*Debt Service Reserve Account*') that will be under the sole control of DOE and will at all times maintain a balance in that account equal to the principal and interest payments scheduled to come due on the Loans in the next six months (the '*Required Debt Service Reserve*')." (Conditional Commitment Letter By And Between United States Department Of Energy and Fisker Automotive, [Department Of Energy](#), 9/18/09)
- **Fisker's Loan Is In Default If It Fails To Make A Loan Payment Or Maintain Their Balance In The Debt Service Reserve Account.** "The Loan Documents will include such events as are usual and customary for financings of this kind or as otherwise deemed appropriate by DOE for this transaction in particular (with materiality qualifications, exceptions and grace periods to be agreed), including: (a) failure to make payments when due; ... (x) failure to maintain an amount equal to the Required Debt Service Reserve in the Debt Service Reserve Account;" (Conditional Commitment Letter By And Between United States Department Of Energy and Fisker Automotive, [Department Of Energy](#), 9/18/09)

THE OBAMA ADMINISTRATION BET TAXPAYER MONEY ON THE PROMISE THAT FISKER WOULD CREATE THOUSANDS OF NEW JOBS

In 2009, The Department Of Energy Granted Fisker A \$529 Million Stimulus Loan Guarantee, \$359 Million Of Which Was To Go Toward Reviving The Former GM Boxwood Plant In Wilmington, Delaware. "In September, Secretary Chu announced a \$528.7 million conditional loan for Fisker Automotive for the development of two lines of plug-in hybrids, which will save hundreds of millions of gallons of gasoline and offset millions of tons of carbon pollution by 2016. Of the total loan, \$359 million is going to revive manufacturing at the Boxwood Plant. The Boxwood Plant will support Fisker Automotive's Project NINA, the development and build of a mass-market plug-in hybrid sedan." (Press Release, "Vice President Biden Announces Reopening Of Former GM Boxwood Plant," [Office Of The Vice President](#), 10/27/09)

- **On Announcing The Loan, Former Energy Secretary Chu Said "This Investment Will Create Thousands Of New American Jobs ..."** "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 Secretary Chu. "Plug-in hybrid electric vehicles could revolutionize personal transportation and cut our dependence on foreign oil, not to mention give us cleaner air and less carbon pollution." (Press Release, "US Energy Secretary Chu Announces \$528 Million Loan for Advanced Vehicle Technology for Fisker Automotive," [Department Of Energy](#), 9/22/09)
- **Biden Attended The Re-Opening Of Fisker's Delaware Plant, Calling The Loan "Seed Money That Will Return Back To The American Consumer In Billions And Billions And Billions Of Dollars In Good, New Jobs."** BIDEN: "This is seed money that will return back to the American consumer in billions and billions and billions of dollars in good, new jobs." (ABC News' "Nightline," 10/25/11)

TIMELINE OF THE FISKER FIASCO

September 18, 2009: The Department Of Energy Offers A Conditional Commitment To Loan Fisker Automotive \$529 Million For The Production Of Luxury Electric Vehicles. (Conditional Commitment Letter By And Between United States Department Of Energy and Fisker Automotive, [Department Of Energy](#), 9/18/09)

October 27, 2009: Vice President Biden Announces Fisker's Purchase Of The Former GM Boxwood Plant In Wilmington, DE In Order To Manufacture The Fisker Atlantic, A Luxury Electric Sedan.

(Press Release, "Vice President Biden Announces Reopening Of Former GM Boxwood Plant," [Office Of The Vice President](#), 10/27/09)

June 2010: An Official In The DOE Loan Program Office Warns That Fisker's Loan Is In Jeopardy Due To A "Lack Of Compliance With Financial Covenants." ("Obama Administration Had Advance Warning On Fisker," [The Associated Press](#), 4/24/13)

May 2011: The Department Of Energy Suspended The \$529 Million Loan To Fisker After It Failed To Meet Required Milestones. (James R. Healy, "Government Loan Stoppage Prompts Layoffs At Cash-Strapped Fisker," [USA Today](#), 2/7/12)

October 20, 2011: ABC News Reveals That The Obama Administration Approved Fisker's Plans To Build Its First Electric Vehicle In Finland, Not The U.S. (Matthew Mosk and Brian Ross, "Car Company Gets U.S. Loan, Builds Cars In Finland," [ABC News](#), 10/20/11)

December 27, 2011: Fisker Announced A Recall Of All 239 Fisker Karmas After It Was Discovered Improperly Positioned Hose Clamps Might Result In Vehicle Fires. (NHTSA Campaign Number 11V598000, [National Highway Transportation And Safety Administration](#), 5/30/12)

February 7, 2012: After Exhausting Federal Funds, Fisker Announced That It Would Lay Off 26 Workers And Halt Work At Its Wilmington, DE Plant. (James R. Healy, "Government Loan Stoppage Prompts Layoffs At Cash-Strapped Fisker," [USA Today](#), 2/7/12)

March 8, 2012: Consumer Reports Revealed That A Fisker Karma Broke Down On The Test Track While The Magazine Was Reviewing The Vehicle. ("Bad Karma: Our Fisker Karma Plug-In Hybrid Breaks Down," [Consumer Reports](#), 3/8/12)

March 27, 2012: Fisker Battery Maker A123 Systems Announced That It Would Spend \$55 Million To Fix Defects In The Karma's Battery. (Erin Ailworth, "A Draining Setback," [The Boston Globe](#), 3/27/12)

April 17, 2012: Fisker Laid Off 12 More Workers At The Wilmington, DE Plant Leaving The Site "Absolutely Empty." (Jonathan Starkey, "Fisker Plant 'Absolutely Empty,'" [The News-Journal](#), 4/17/12)

May 2, 2012: A Fisker Karma Is Accused Of Setting A Texas Home Ablaze After It Caught Fire While Parked In The Garage. (David Arnouts, "Official Claims Fisker Karma To Blame In Texas House Fire," [AutoWeek](#), 5/8/12)

May 30, 2012: Fisker Expands Its Recall Notice Of The Karma To Repair Improperly Positioned Hose Clamps That Could Result In Fire. (NHTSA Campaign Number 12V241000, [National Highway Transportation And Safety Administration](#), 5/30/12)

August 10, 2012: A Fisker Karma Parked In Woodside, CA Catches Fire. (Press Release, "Media Statements Regarding Fisker Karma Incident In Woodside, CA," [Fisker Automotive](#), 8/13/12)

August 18, 2012: After Determining The Karma's Cooling Fan To Be The Cause Of A Fire In Woodside, CA, Fisker Announced It Was Recalling The Karma To Replace The Faulty Fans. (Press Release, "Woodside, CA Incident," [Fisker Automotive](#), 8/18/12)

September 25, 2012: Consumer Reports Gives The Fisker Karma A Failing Grade And The Lowest Score Among Luxury Sedans That It Tested. ("Fisker Karma Earns A Failing Grade From Consumer Reports," [Consumer Reports](#), 9/25/12)

October 16, 2012: Fisker's Battery Maker A123 Systems Files For Bankruptcy Despite \$249 Million Stimulus Grant. (Carol D. Leonig, "Battery Firm Backed By Federal Stimulus Money Files For Bankruptcy," [The Washington Post](#), 10/16/12)

October 17, 2012: Fisker CEO Tony Posawatz Tells Investors That Production Of The Atlantic Sedan May Be Delayed Until 2015. (Karl Henkel, "Fisker's Atlantic Sedan May Be Delayed Until '15," *The Detroit News*, 10/17/12)

January 29, 2013: The U.S. Government Approves The Sale Of Fisker's Bankrupt Battery Maker A123 Systems To China-Based Wanxiang Group. (Tom Hals and Ben Klayman, "Chinese Company Wins Auction For Bankrupt Maker Of Electric Car Batteries Despite Concerns," *Reuters*, 1/29/13)

January 30, 2013: Fisker Confirms That It Hired Turnaround Firm Huron Consulting Group To Run The Company. (Ian Hamilton, "Fisker Hires Turnaround Firm To Run Company," *The Orange County Register*, 1/30/13)

February 8, 2013: At The Chicago Auto Show, Henrik Fisker Says The Company Hopes To Resume Production "Fairly Soon." (David Shepardson, "Struggling Fisker Hopes To Resume Production Of Karma Soon," *The Denver Post*, 2/8/13)

March 13, 2013: Fisker Announces The Resignation Of Founder And Executive Chairman Henrik Fisker. (Press Release, "Henrik Fisker Resignation," *Fisker Automotive*, 3/13/13)

March 18, 2013: Chinese Automakers Zhejiang Geely Holding Group and Dongfeng Motor Corp. Back Out Of Talks To Buy Fisker In A Disagreement Over Terms Of The Government Loan. (Yuliya Chernova and Sharon Terlep, "Fisker Sales Talks Fall Apart," *The Wall Street Journal*, 3/18/2013)

March 22, 2013: Emerging From Bankruptcy, Fisker's Battery Maker A123 Systems Changes Name To B456 Systems. (Form 8-K Filing – Commission File #001-34463, *Securities And Exchange Commission*, Filed 3/22/13)

March 28, 2013: Sources Indicate Fisker Hired The Law Firm Kirkland & Ellis To Advise On A Possible Bankruptcy Filing. ("Fisker Mulls Bankruptcy As Investor Search Persists," *Reuters*, 4/28/13)

April 5, 2013: Fisker Lays Off 160 Employees, 80 Percent Of Its Workforce. (Jerry Hirsch, "Struggling Fisker Cuts 80% Of Staff," *Los Angeles Times*, 4/6/13)

April 22, 2013: Fisker Automotive Misses Its First Loan Payment And The Department Of Energy Seizes \$21 Million From Its Reserve Fund To Cover The Payment. (Ben German, "Energy Dept. Recoups \$21 Million From Struggling Green Automaker," *The Hill*, 4/23/13)