

FISKER AUTOMOTIVE INC.

APPLICATION FOR PROJECT # 1 --  
ENGINEERING INTEGRATION FOR FISKER KARMA

TAB 1D AND 1E: PROJECT COST ESTIMATES AND FINANCIAL PLAN

*Project Cost Estimates and Financial Plan for Fisker Karma* CONFIDENTIAL

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## PROJECT COST ESTIMATE AND FINANCIAL PLAN

### Response to 10 C.F.R. § 611.101(d-e)

*“(d) A detailed estimate of the total project costs together with a description of the methodology and assumptions used to produce that estimate;*

*“(e) A detailed description of the overall financial plan for the proposed project, including all sources and uses of funding, equity, and debt, and the liability of parties associated with the project;”*

Fisker automotive is seeking funds to continue and complete the U.S. based engineering integration activities for the Fisker Karma PHEV. Fisker estimates 2009 and 2010 U.S. expenditures at \$181.6 million and requests a loan for \$145.3 million or 80% of the total future U.S. based spending.

It is important to note that Fisker has already spent [REDACTED] on engineering integration in the United States related to the Fisker Karma and is not seeking any ATVM funds related to this prior spending. In addition, Fisker spent [REDACTED] outside of the United States in 2008 and anticipates spending an additional [REDACTED] outside the United States related to the development of the Karma. Again, Fisker is not seeking any ATVM funds related to these expenditures.

Fisker is proposing a loan term of seven years with loan principal payments deferred until Q1 2011.

On the following pages please find:

1. Summary Table
2. Assumptions and Methodology
3. Funding Uses and Sources
4. Principal Balance and Payment Schedule

Application of Fisker Automotive Inc.  
ATVM Loan Program  
Fisker Project # 1 – Engineering Integration for “Fisker Karma”

KARMA PROJECT SUMMARY

	Plan 2009 - 2010 (\$ in Millions)
\$	181.6
\$	85.3
\$	266.9

Actual 2008 (\$ in Millions)
[REDACTED]

U.S. Project Cost  
Rest of World Cost  
Total Project Cost

ATVM Request for 2009/2010 U.S. Project Costs

U.S. Project Cost 2009/2010 \$ 181.6

DOE Loan Request Percentage 80%

DOE Loan Request Amount \$ 145.3

Term (Years)

Repayment Start Date (Interest-Only)

Repayment Start Date (Principal + Interest)

Payment Frequency

Fisker Automotive, Inc.  
**FISKER PROJECT #1: KARMA (U.S.)**  
ASSUMPTIONS AND METHODOLOGY

Below are the descriptions of the methodology and assumptions used to produce the financial estimates used for the costing of the project.

**Operating Expenses**

Operating expenses are primarily Selling, General, and Administrative expenditures (SG&A). This comprises:

**Labor and Related:** These contain specific identifiable costs (such as salary and fringe benefits) for Fisker's employees taking into consideration our ramp-up hiring plans to support the various program milestones. Each employee has a signed employment agreement containing all the details about his/her salary and fringe benefits. This category also includes costs associated with the recruiting, hiring, and relocation of employees.

**Marketing:** These are costs associated with auto-shows, public relations, marketing and promotions, advertising, and other events. Estimates are obtained from the various agencies/companies and purchase orders and/or contracts are executed whenever possible.

**Professional Fees:** These costs include outside service expenses such as legal and accounting/auditing/consulting costs that are provided by outside firms. Fisker employs outside services for these types of costs due to its operating philosophy of lean, efficient and effective utilization of overhead. In the first quarter of 2009, the amount estimated for this cost category is reduced by \$500K, representing a legal cost reimbursement expected from Tesla Motors due to Fisker's victory in the Tesla v. Fisker arbitration.

**Facilities:** These are the costs associated with leasing both the Irvine, CA and Pontiac, MI facilities (including building maintenance expenses). Fisker Automotive has signed lease agreements with both locations and the specific monthly payments are spelled out in the lease. In addition, costs incurred for activities such as office/shop/engineering/computer, supplies, telephones, building maintenance, postage, etc are reported in this category.

**All Other:** This category includes all other costs such as business travel, meals and entertainment expenses for both domestic and overseas business activities. This also includes cost of insurance and financing fees paid to third-parties in obtaining equity financing for the business.

**Development Expenses**

These are costs incurred for researching, developing, designing, engineering, and tooling necessary for the vehicle. The development expense costs consists of the following:

**Supplier Engineering Development and Design (ED&D)**

These are costs associated with the engineering, development and design of the vehicles. These costs were obtained via arms-length transactions with various suppliers. Formal quotations were solicited from several suppliers. Taking into consideration costs, quality, reputation, location and credit-worthiness of the suppliers, Fisker negotiated the prices for these ED&D costs. The suppliers selected for the various vehicle platforms were issued purchase orders and are required to sign a supply agreement with Fisker Automotive prior to commencement of production work.

**Supplier Tooling**

The methodology for these costs is similar to those above for ED&D. These are primarily costs incurred to tool the components for the Karma project. The tooling costs are incurred due to specific build up of suppliers' infrastructure in order to accommodate the specific requirements (equipment, layout, etc.) and needs of the project.

**Engineering Services**

These are engineering services provided by several outside companies in order to engineer the project. The methodology for incurring these costs are similar to that outlined above for ED&D.

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Fisker Automotive, Inc.  
FISKER PROJECT #1: KARMA (U.S.)  
ASSUMPTIONS AND METHODOLOGY

Powertrain Development

The supplier was selected based upon its partnership relationship with Fisker Automotive, its proven technology, and experience in the type of engine that is necessary to power the Karma. Detailed negotiations were held between the two companies reviewing quotes for the powertrain. A purchase order and supply agreement was signed to formalize the costs and deliverables for the program.

Prototype Development and Testing

These are costs incurred to develop and test a final production version of the vehicle that is used at auto shows and other media/public relations demonstrations. Similar to the tooling costs, these activities were costed out and negotiated with various suppliers. Fisker then selected the suppliers based upon cost, quality, reputation, reliability, location, and credit-worthiness of the company.

The following narrative describes the sources of project funding and the repayment assumptions supporting retirement of the proposed ATVM loan.

Funding Sources

The project proposal assumes quarterly loan funding to begin during the first quarter of 2009 and extend through the fourth quarter of 2010. Total ATVM loan funding accumulates to a total principal balance of \$145.3 million by the end of 2010, representing 80% of eligible project costs in the U.S.

The remaining required project funding will be acquired through private equity investment of [REDACTED] million in 2009 and [REDACTED] in 2010, [REDACTED] in total.

Loan Assumptions:

[REDACTED]  
[REDACTED] A complete loan amortization schedule is contained within the Principal Balance and Payment Schedule.

Fisker Automotive, Inc.  
 FISKER PROJECT #1: KARMA (U.S.)  
 Funding Uses and Sources

08 Full Yr	09Q1	09Q2	09Q3	09Q4	09 Full Yr	10Q1	10Q2	10Q3	10Q4	10 Full Yr	2009 + 2010
(SMiM)	(\$Mils)	(SMiM)	(SMiM)	(SMiM)	(SMiM)	(SMiM)	(SMiM)	(SMiM)	(SMiM)	(SMiM)	(SMiM)

Funding Uses:

Operating Expense

- Labor and Related

- Marketing

- Professional Fees

- Facilities

- All Other

Development Expense

- Supplier ED&D

- Supplier Tooling

- Engineering Services

- Powertrain Development

- Prototype Development & Testing

Total US-based Operating and Development Expense

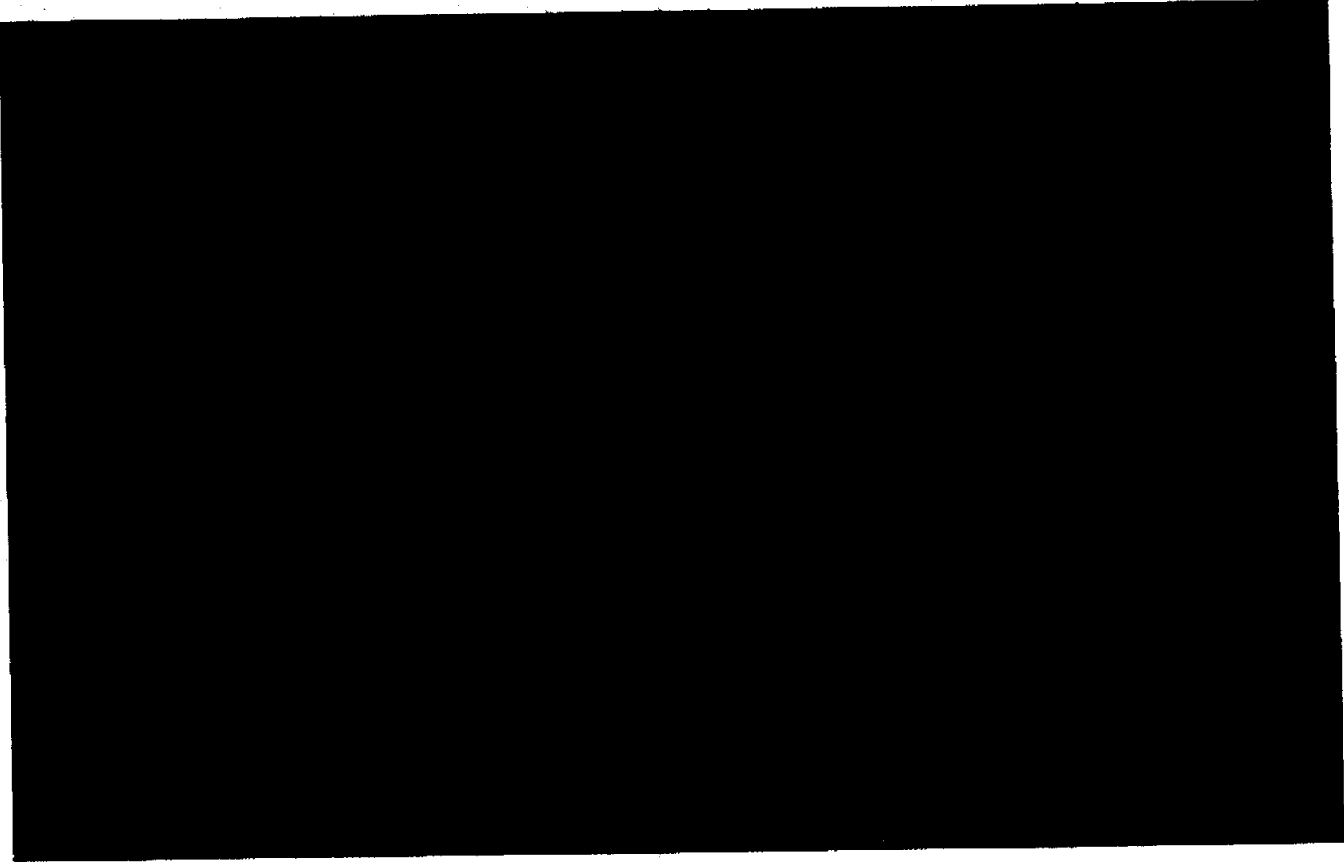
Funding Sources:

Cash on Hand

DOE Loan Principal (80%)

Equity Funding -- US Based Cost

Total US-based Project Funding



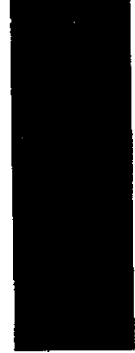
Payment Date	Payment	Interest	Principal	Balance
2009Q1				
2009Q2				
2009Q3				
2009Q4				
2009				
2010Q1				
2010Q2				
2010Q3				
2010Q4				
2010				

Current Period Loan Amount  
 }  
 Prior Period Carry-forward balance  
 }  
 Principal Balance  
 Interest payment (current period)



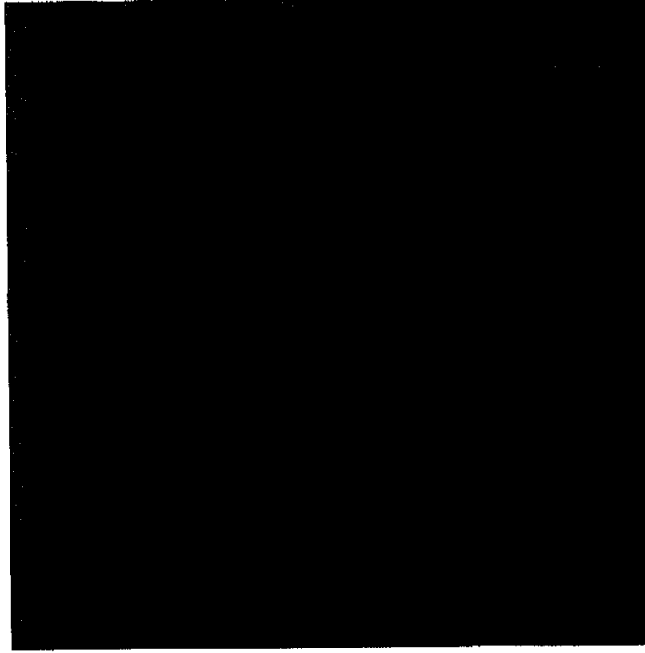
- Term (years)  
 - Annual Interest Rate  
 - Payment Frequency  
 - Payment Rate per Quarter

Loan Principal Balance



- Annual Interest Rate  
 - Quarterly Interest Rate  
 - Interest ONLY payments made in 2009 and 2010

Interest and Principal Payments  
 - Payment Timetable (years)  
 - Payment Frequency  
 - Payment Timetable  
 - Annual Interest Rate  
 - Payment Rate per Quarter



FISKER AUTOMOTIVE INC.

APPLICATION FOR PROJECT # 1 -  
ENGINEERING INTEGRATION FOR FISKER KARMA

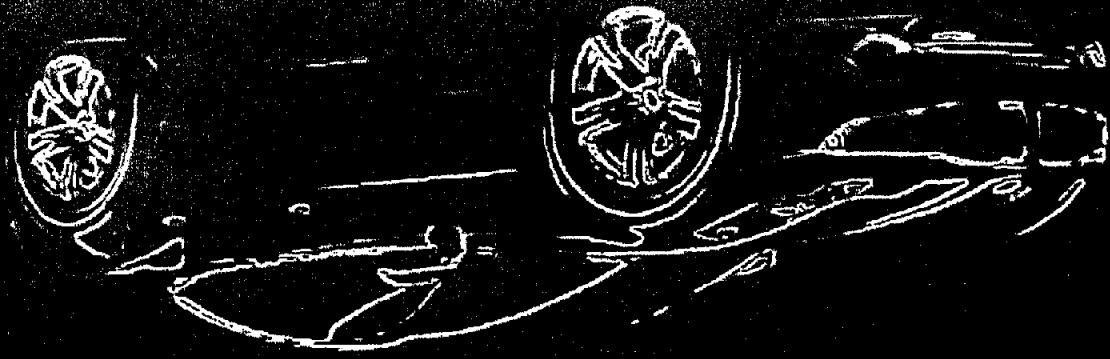
TAB 1F: BUSINESS PLAN

*Business Plan for Fisker Karma* CONFIDENTIAL

*Attachment 1: Pro Forma Financial Statements* CONFIDENTIAL

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December 2008

**Fisker Automotive**  
**Business Plan**  
**Project 1: Fisker Karma**





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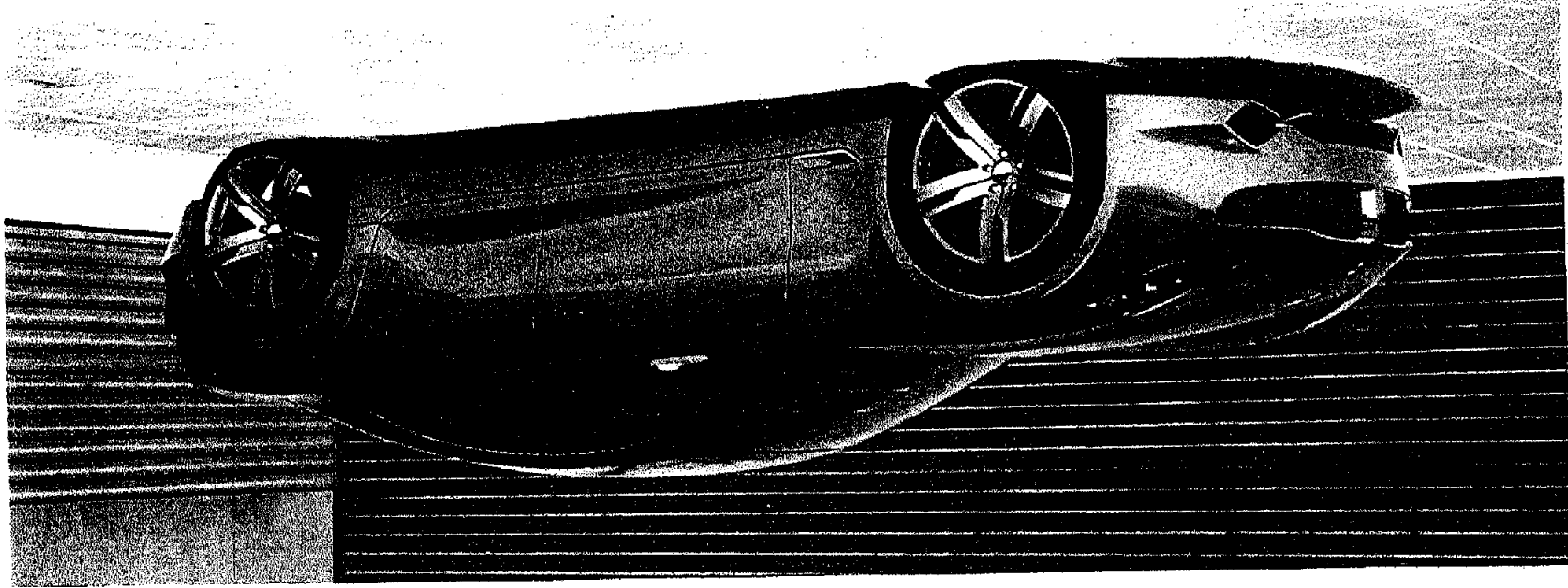
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# Company Background



VISION

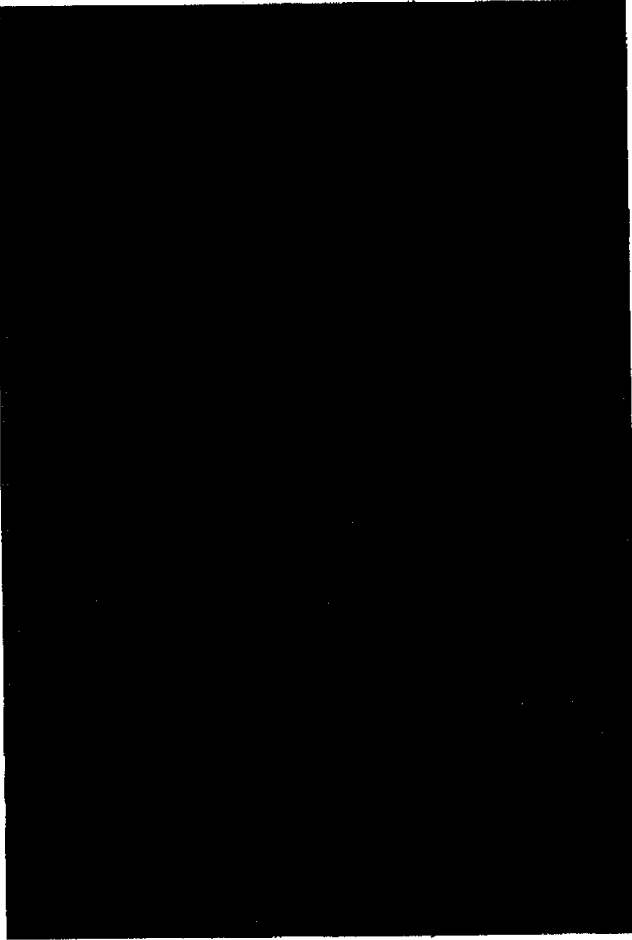
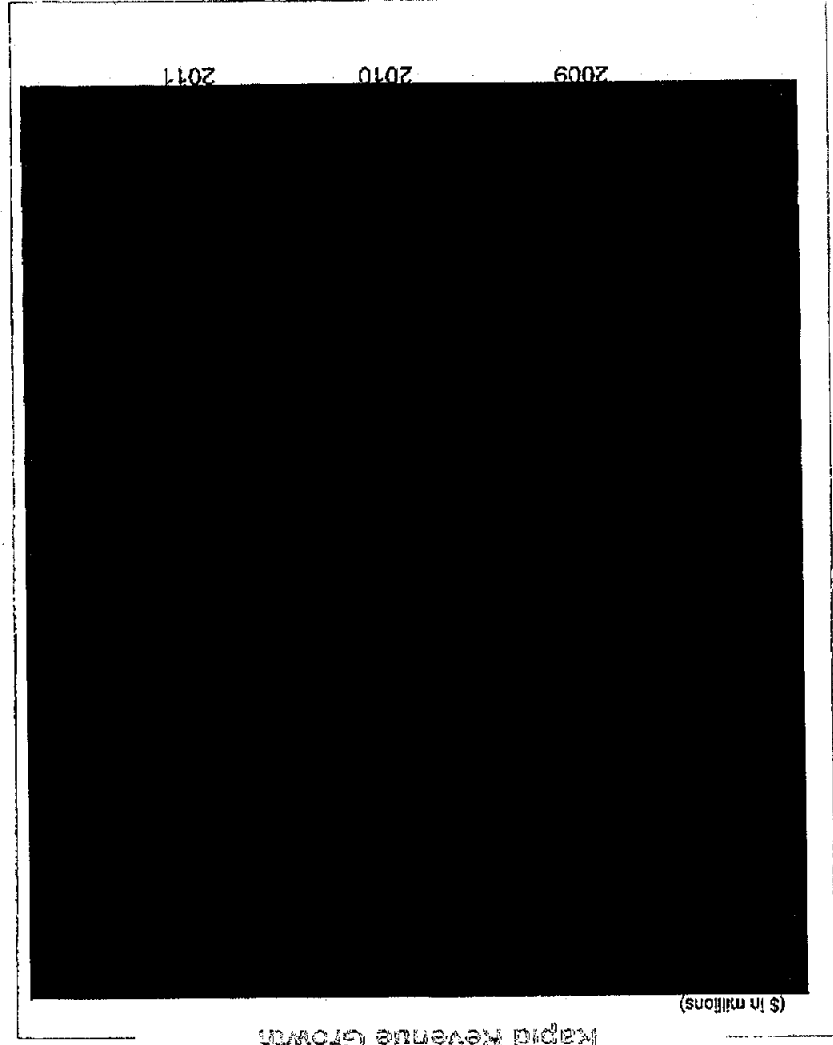
To combine proven alternative energy vehicle capabilities and high-end design expertise to create the world's first line of commercial, luxury, plug-in hybrid electric vehicles



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# Company Overview



Looking Ahead

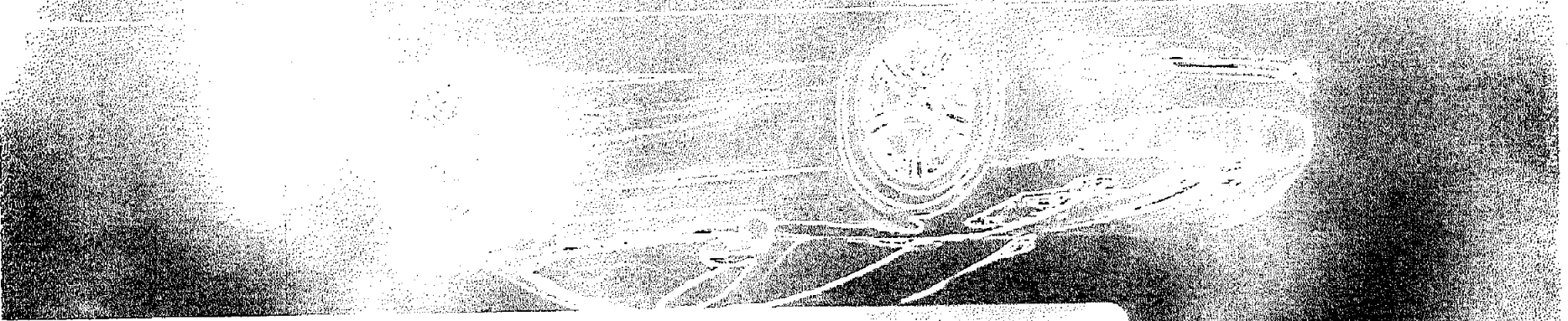
Key Suppliers

JV Partners

Strategy

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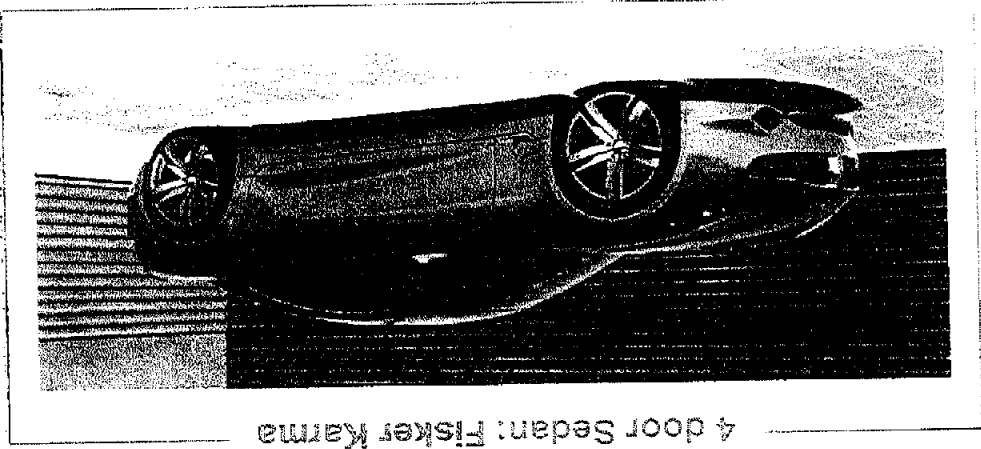




**Product**  
Fisker Karma



**Production Ready PHEVs**



4 door Sedan: Fisker Karma

**ECO-CHIC**  
\$106,400

**ECO-SPORT**  
\$94,900

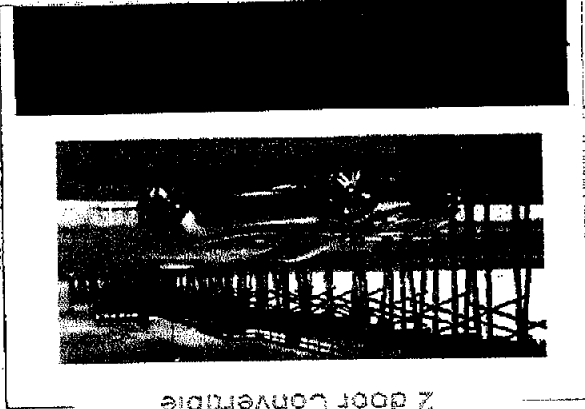
**ECO-BASE**  
\$87,900

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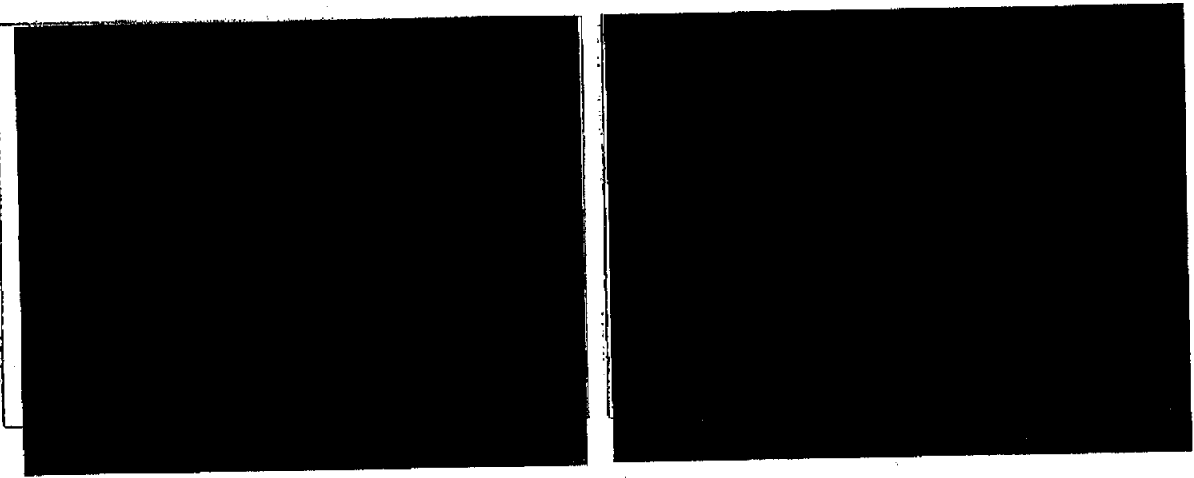
# Production Ready PHEVs



4 door Sedan: Fisker Karma



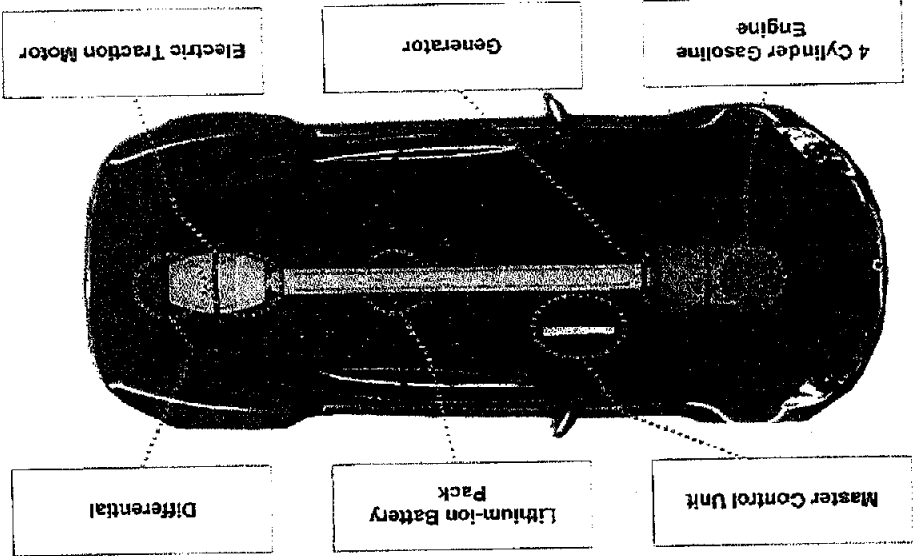
2 door Convertible



Competing offerings are not expected before 2010 at the earliest

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# First in a New Category of Vehicles



✓ PHEVs outperform full electric vehicles in range, reliability and practicality

✓ Offers higher fuel economy and lower emissions than traditional hybrid electric vehicles

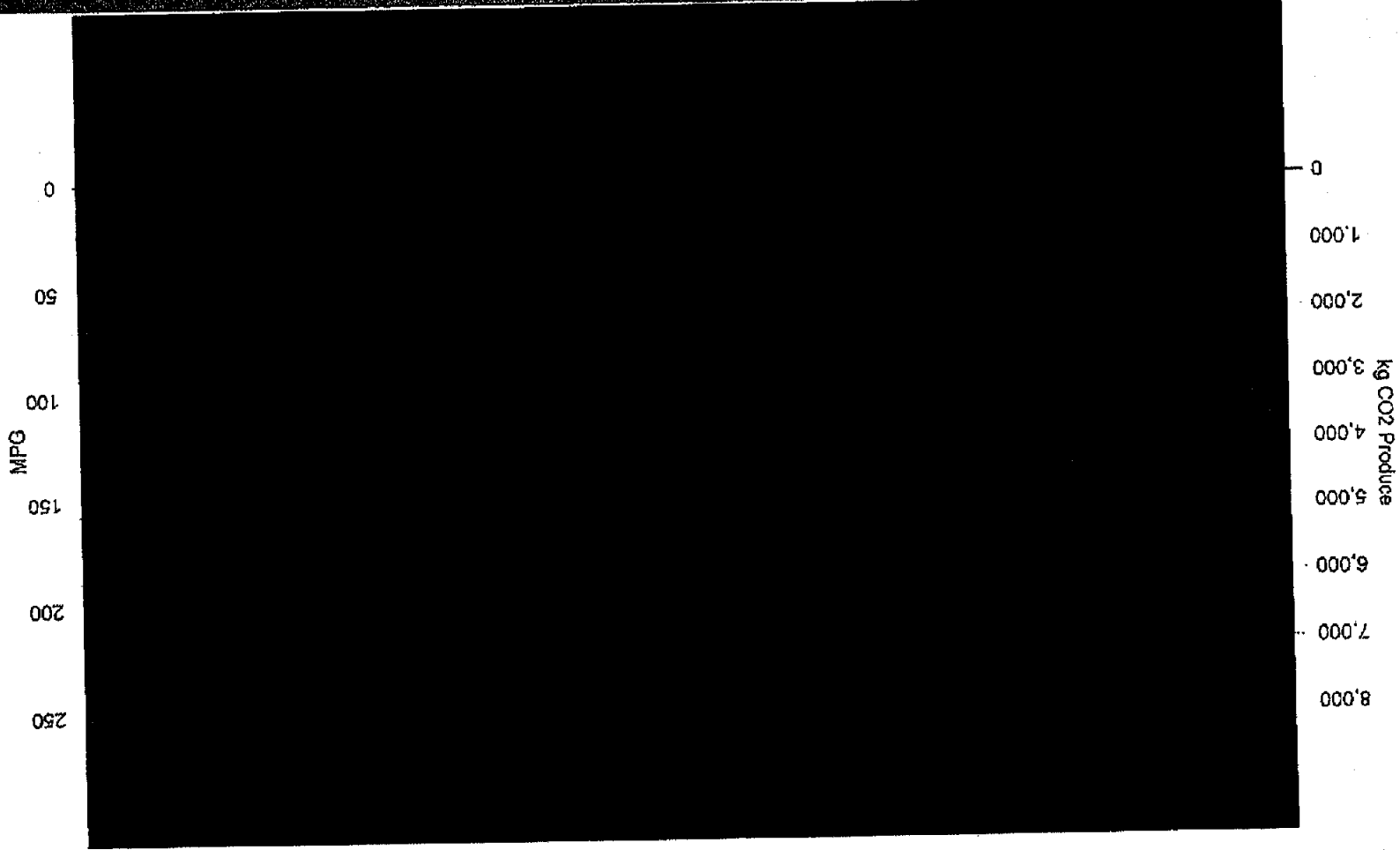
## Key Benefits of a Fisker Karma with Q DRIVE Technology

- Superior performance to today's hybrid vehicles
- 100+ mpg equivalent
- Over 300 miles of total range before refueling
- 0-60 MPH (0-100 km/h) in approximately 5.8 seconds
- Continuous top speed of 125 mph (200 km/h)
- Innovative chassis taking advantage of new packaging for advancements in battery technology
- Multiple driving options: Stealth and Sport Drive
- All of the convenience and safety that is expected in a luxury vehicle
- Distinctive, green branding, look, and feel

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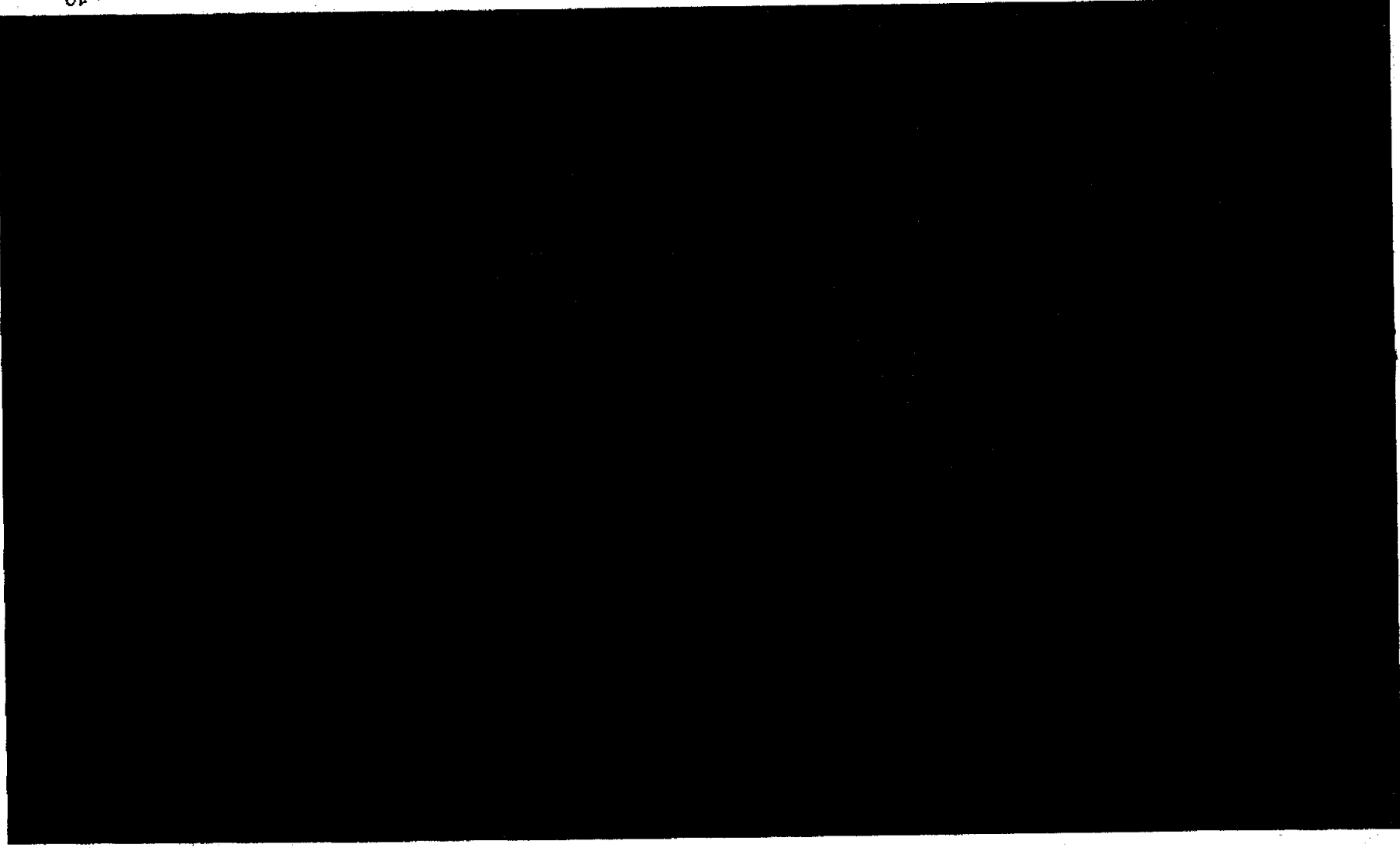


# Significant MPG / kg Annual CO2 Benefits



With 79% of drivers' daily weekday travel under 50 miles<sup>(1)</sup>, many Karma owners can achieve 100% electric usage

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Notes: Estimates based on best case energy assumptions.  
of Transportation, National Household Travel Survey



Milestones / Strategy



# Key Supplier Relationships



Quantum Fuel System Technologies

Supplier of the Q DRIVE powertrain system

- Leader in the development and integration of alternative fuel propulsion systems, energy storage technologies and plug-in hybrids
- Long-term relationships with General Motors, Toyota, other OEMs and the US Government
- Major projects in addition to the Karma include:

- General Motors Equinox Fuel Cell vehicle (hydrogen storage and delivery systems)
- US military special operations hybrid (hybrid electric drive train and vehicle integration)
- Ford Escape Hybrid (hybrid electric drive train and vehicle integration)

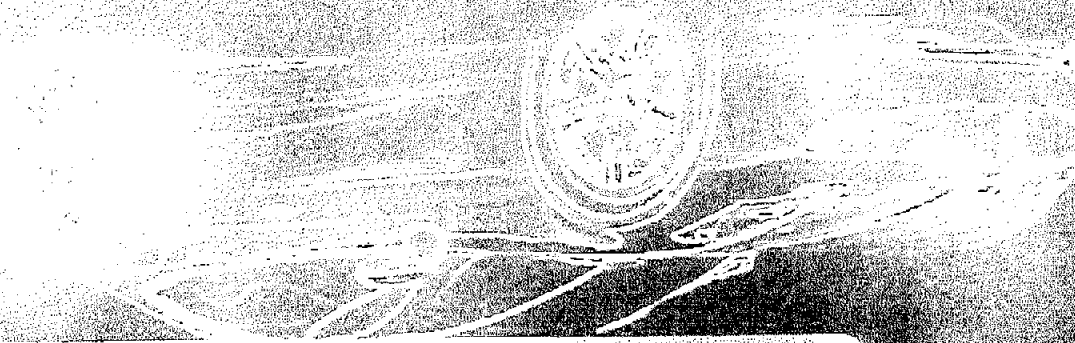
TECHNOLOGIES  
**QUANTUM**

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Advanced Lithium Power

Supplier of Lithium-ion battery cells

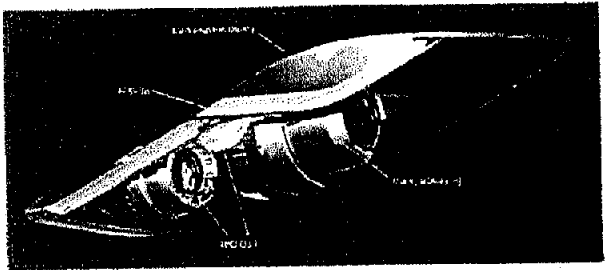
- Provider of proven integrated lithium ion power systems
- Optimized lithium ion cell design
- Cell overcharge protection
- Advanced thermal management
- Integrated power interface and safety disconnect systems
- Focused on providing energy management systems for the next generation of hybrid, electric and fuel cell vehicles
- Awarded \$1.4MM clean technology funding by Sustainable Development Technology Canada



**Technology**  
Fisker Karma



# Design Highlights



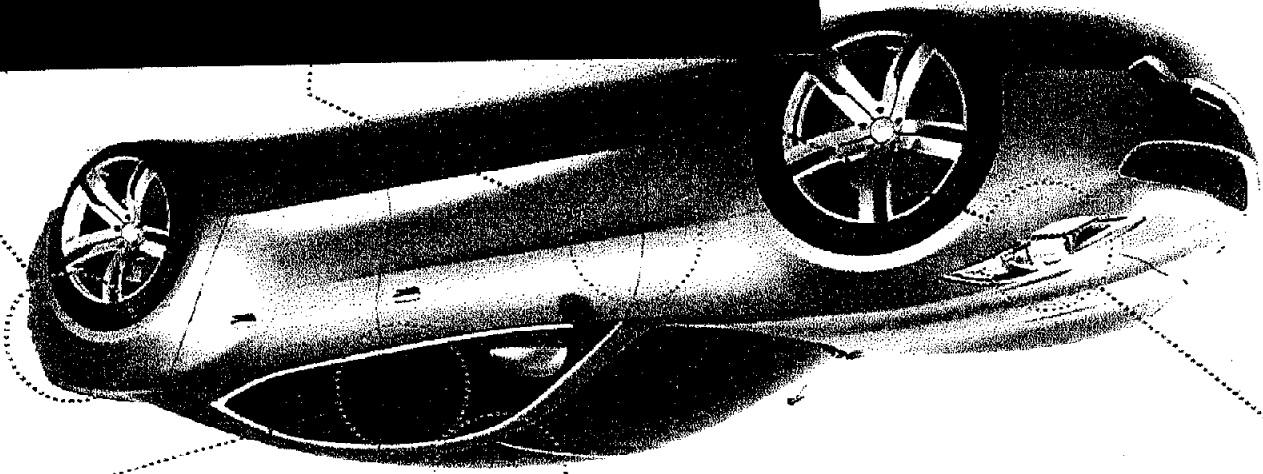
Bi-Xenon + LED Headlamp Design



Solar Roof Panels



Luxury Interior Design



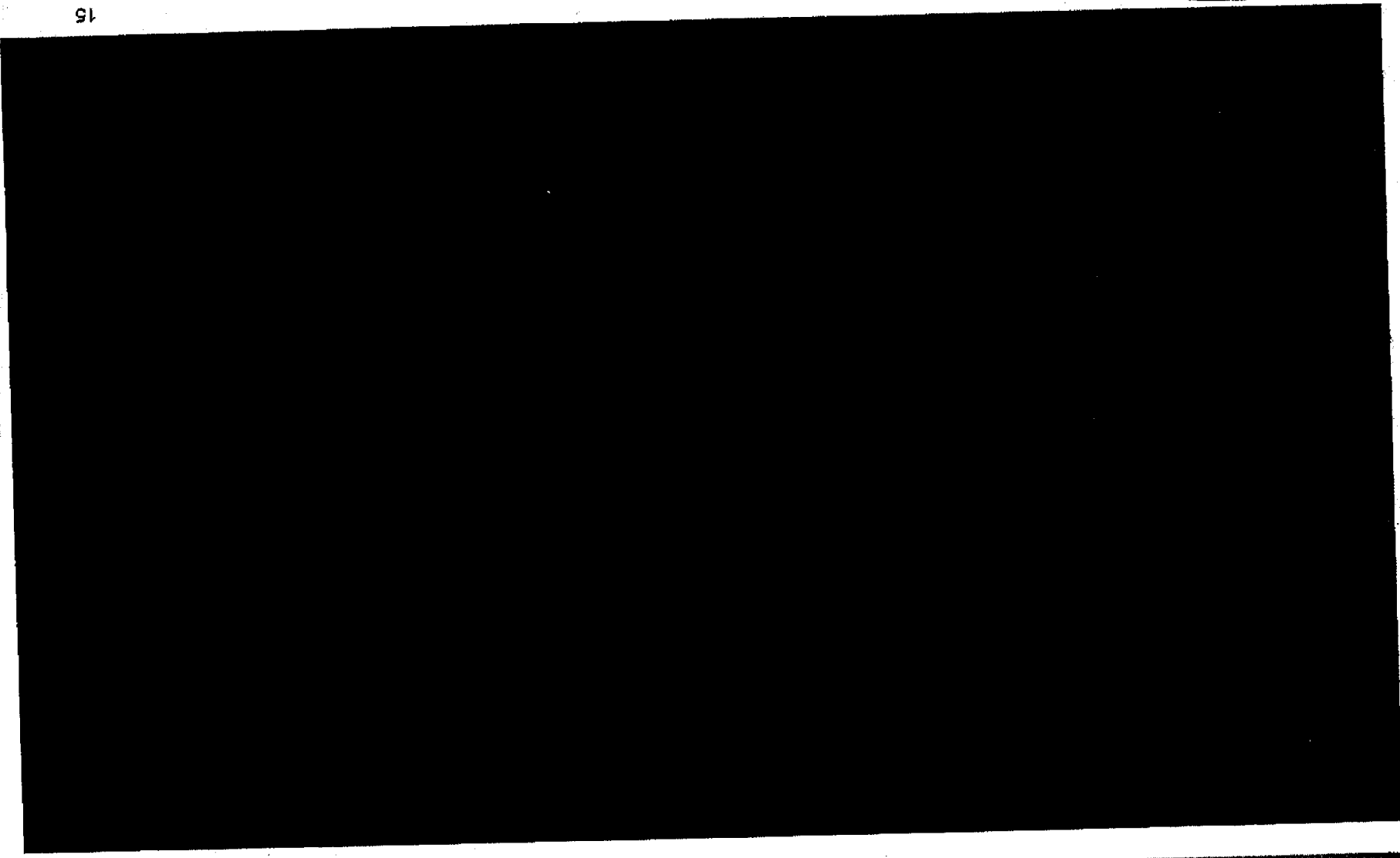
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Vehicle Architecture

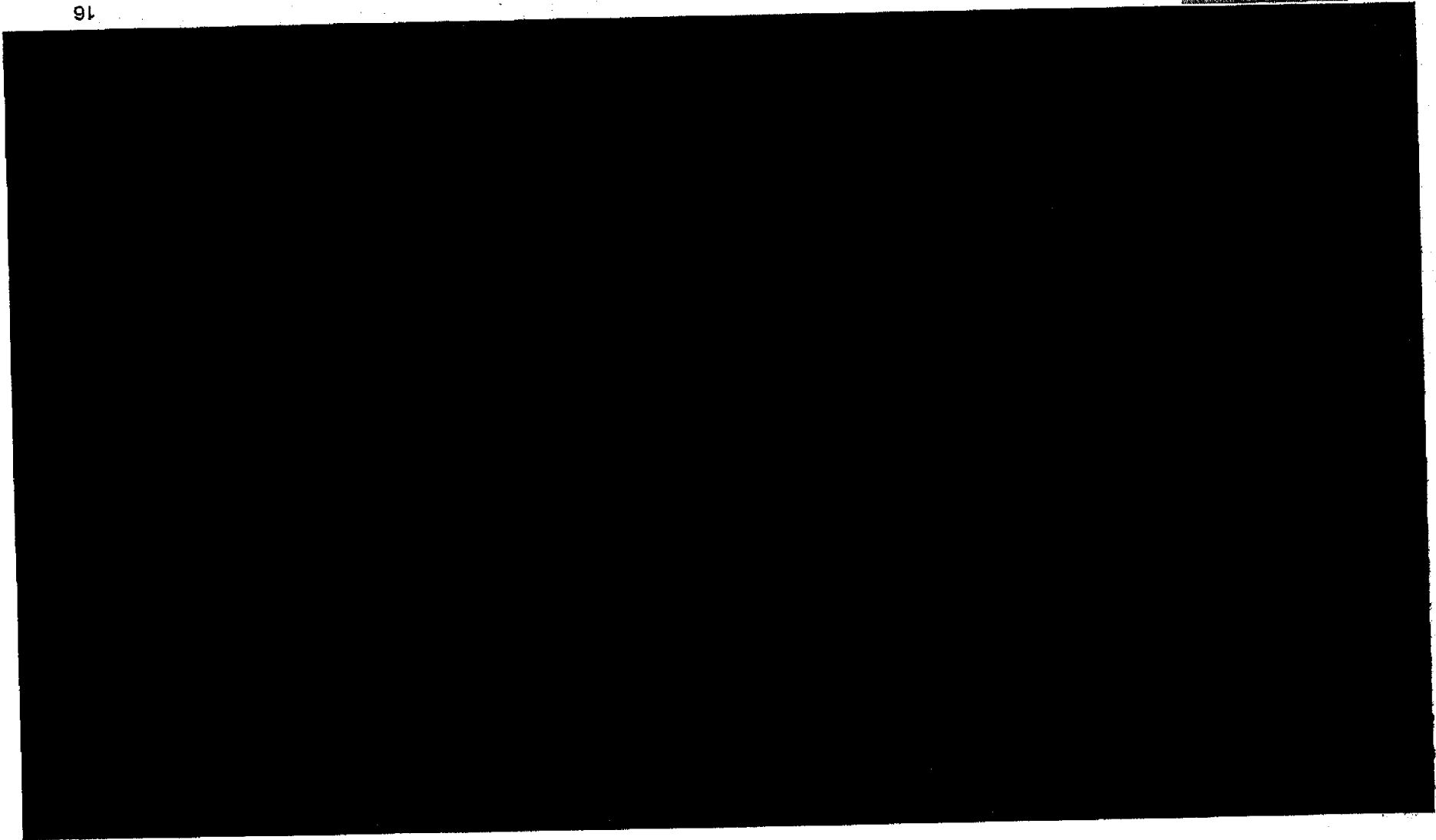




Open area with Impact Ball - Initial  
Main Load Cases Analyzed

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US NCAP Frontal 35mph





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