

FISKER AUTOMOTIVE LAYS OFF



The odds are you have not heard the name of Fisker Automotive, unless that is you work in the auto industry. For those of you who do not work in the field here is a look at how the **company describes itself**: "Fisker was born when founders Henrik Fisker and Bernhard Koehler surveyed the existing automotive landscape and found it built upon history, a history that was defined by limitations. Henrik Fisker and Bernhard Koehler, who share over 51 years of combined experience in the automotive world, decided to forge a new and radical perspective on what is possible in the automotive world. They concluded that reinvention is no substitute for a fresh start so they started with a clean sheet of paper. In 2007, they founded Fisker Automotive, a true automobile manufacturer which introduced the world's first premium hybrid electric vehicle, the Fisker Karma. An American company..." Well it looks like the company is getting ready to move its luxury cars into the slow lane, as the company has laid off 26 workers. The company halted all work at a plant that was formerly owned by GM in the state of Delaware. The shut down came because of a lack of cash flow from the government loan. The company failed to meet both of its production and sales milestones and therefore the support for their loan has been pulled from the company. The lack of a loan not only caused the cut of 26 production jobs in the Delaware factory the company will also have to get rid of between 40 and 45 engineers at their office in Anaheim, California. One the bright side the company says that they were always planning to get rid of the jobs when their current model, the Karma sedan, was into production. The Karma sedan costs about \$103,000 to buy. Sales of that car began last November and since then the company has sold between 200 and 300 of the cars in the US, and the have a backlog of about 2,000 units worldwide. Currently the car is only on sale in 45 dealers in the USA. They are awaiting approval to sell the car in Europe, which may improve their financial situation. A spokesman for the DOE, who makes the loan, Damien LaVera said the following in an official statement: "Our loan guarantees have strict conditions in place to protect taxpayers. The Department only allows the loan to be disbursed as the company meets certain milestones and demonstrates results. As has been widely reported, Fisker has experienced some delays in its sales and production schedule -- which is common for start-ups. As Fisker works through those issues and incorporates lessons learned from the production of the Karma, the Department is working with Fisker to review a revised business plan and determine the best path forward so the company can meet its benchmarks, produce cars and employ workers here in America." In their statement Fisker said, "To date we have received \$193 million of the \$529 million DOE loan, mostly for the Karma program, and received our last reimbursement in May 2011. We are renegotiating some terms of the DOE agreement for the \$336 million balance of the loan related to the Project Nina program."

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