CONDITIONAL COMMITMENT LETTER

by and between

UNITED STATES DEPARTMENT OF ENERGY

and

FISKER AUTOMOTIVE, INC.

Dated as of September 18, 2009

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CONDITIONAL COMMITMENT LETTER

September 18, 2009

Fisker Automotive, Inc.
19 Corporate Park
Irvine, CA 92606

Re: Loan Application of Fisker Automotive, Inc. (the "*Application*")
ATVM Loan Number: A1005

Ladies and Gentlemen:

Fisker Automotive, Inc. ("*you*" or the "*Applicant*") has submitted an application (the "*Application*") for a term loan authorized and approved by the United States Department of Energy ("*DOE*") and made by and through the Federal Financing Bank, an instrumentality of the United States government created by the Federal Financing Bank Act of 1973 that is under the general supervision of the Secretary of the Treasury (the "*FFB*"), pursuant to DOE's Advanced Technology Vehicles Manufacturing Incentive Program (the "*ATVM Program*") authorized by section 136 of the Energy Independence and Security Act of 2007, as amended from time to time ("*Section 136*").

This conditional commitment letter (together with all attachments hereto, including the Terms and Conditions for the Loans under the ATVM Program (the "*Term Sheet*") attached as Appendix A hereto, the "*Conditional Commitment Letter*") will confirm the understanding and agreement between DOE and the Applicant in connection with the proposed financing for the Karma Engineering Works and the Kx Facility (as such terms are defined in the Term Sheet). Capitalized terms used but not defined herein have the meanings given to such terms in *(i)* the Term Sheet or *(ii)* 10 CFR Part 611 and any other new or amended regulations promulgated by DOE to implement Section 136 (the "*Applicable Regulations*," and together with Section 136, the "*Program Requirements*"). All provisions of this Conditional Commitment Letter are subject to the Program Requirements.

1. *Facilities, etc.*

You have advised us that you wish to obtain the direct loan(s) described in the Term Sheet to finance *(i)* the cost of certain Karma Engineering Works in an aggregate amount of up to $169,300,000 (the "*Karma Loan*") and *(ii)* the cost of establishing the Kx Facility in an aggregate amount of up to $359,360,000 (the "*Kx Loan*", and together with the Karma Loan, the "*Loans*").

2. *Conditional Commitment*

In connection with the foregoing, we are pleased to advise you that DOE is willing to *(i)* arrange the Loans, *(ii)* designate the Applicant as a borrower under the Program Financing Agreement and *(iii)* cause FFB to enter into a Note Purchase Agreement with the Applicant for the purchase of one or more notes issued by the Applicant as more particularly set out in the Term Sheet. DOE's commitment hereunder is subject to *(a)* the preparation, execution and

delivery of definitive Transaction Documents (as defined in the Term Sheet) incorporating the terms and conditions set forth in this Conditional Commitment Letter, satisfactory to DOE; *(b)* the absence of a Material Adverse Effect (as defined in the Term Sheet); *(c)* DOE's satisfaction with all legal, tax and accounting matters with respect to the Applicant; *(d)* DOE's satisfaction with the capital, corporate and organizational structure of the Applicant; *(e)* your receipt to DOE's satisfaction of all governmental and third party consents necessary to permit the Loans and the borrowings thereunder; and *(f)* those conditions precedent specified in the Term Sheet.

As an inducement to DOE to enter into this Conditional Commitment Letter, the Applicant represents and warrants to and agrees with DOE that:

(i) the Applicant will use the proceeds of the Karma Loan to perform engineering integration work in the United States related to the development, commercial production, sale and marketing of Fisker's Karma high performance plug-in hybrid electric vehicle (such development, commercial production, sale and marketing, together with the related engineering integration work, the "*Karma Project*");

(ii) the Applicant will use the proceeds of the Kx Loan to establish and complete the construction and development of a manufacturing facility in the United States to be used in the development, commercial production, sale and marketing of Fisker's Kx plug-in hybrid electric vehicle (such development, commercial production, sale and marketing, together with the establishment and construction of such manufacturing facility, the "*Kx Project*" and, together with the Karma Project, the "*Projects*"), all as contemplated by the Application;

(iii) the Applicant and its affiliates are not seeking (and will not seek prior to the earlier of the occurrence of the Financial Closing Date (as defined in the Term Sheet) or the expiration of the conditional commitments of DOE contemplated hereby pursuant to Section 13 of this Conditional Commitment Letter) alternative financing arrangements for the uses contemplated for the Loans, it being understood that the Applicant may seek supplemental funding from states or other non-federal governmental entities in the United States in connection with any part of the Projects ("*Supplemental Funding*"), *provided* that such Supplemental Funding is permitted by the Program Requirements; and

(iv) the transactions contemplated hereby have been duly authorized by all corporate action required on the part of the Applicant (including all approvals of holders of any equity interests in the Applicant that may be necessary or desirable for the execution, delivery and performance of this Conditional Commitment Letter and the undertaking of the obligations set forth in Section 7 of this Conditional Commitment Letter with respect to the definitive Transaction Documents, including incurring the indebtedness under the Loans and undertaking the Projects, by the Applicant).

3. *True and Complete Disclosure*

The Applicant hereby certifies as follows:

(i) The information, reports, financial statements, exhibits and schedules furnished by or on behalf of the Applicant or any subsidiary of the Applicant to DOE,

FFB or their respective designees, agents or representatives in connection with the negotiation, preparation or delivery of this Conditional Commitment Letter, including the Application, the Term Sheet, and the Information Certificate delivered by the Applicant on the date hereof (the "*Information Certificate*") or included herein or therein or delivered pursuant hereto or thereto, when taken as a whole, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements herein and therein, in light of the circumstances under which they were made, not misleading (it being understood that in the case of projections, such projections are based on estimates which Applicant believes to be reasonable as of the date such projections are stated or certified).

(ii) All information furnished after the date hereof by or on behalf of the Applicant or any other subsidiary of the Applicant to DOE, FFB or their respective designees, agents or representatives in connection with this Conditional Commitment Letter, including the Term Sheet, or the Transaction Documents and the transactions contemplated hereby and thereby will be, when taken as a whole, true, complete and accurate in every material respect and not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements herein and therein, in light of the circumstances under which they were made, not misleading (it being understood that in the case of projections, such projections are based on estimates which Applicant believes to be reasonable as of the date such projections are stated or certified).

(iii) There is no fact known to the Applicant (other than facts generally known to the public that relate to changes in the automotive industry or to conditions in the U.S. or global economy or capital or financial markets generally or to changes in general legal, tax, regulatory, political or business conditions) that, after due inquiry, could reasonably be expected to have a Material Adverse Effect that has not been disclosed herein or in a report, financial statement, exhibit, schedule, disclosure letter or other writing furnished to DOE or FFB for use in connection with the transactions contemplated hereby.

4. *Indemnity*

The Applicant hereby indemnifies and holds harmless the United States, including DOE and FFB, and each other governmental agency or instrumentality of the United States, their respective designees, agents, and contractors, and all of their respective directors, officers and employees (each, an "*Indemnified Person*") from and against (and will reimburse each Indemnified Person for) any and all losses, claims, damages, liabilities or other expenses (including the reasonable fees, disbursements and other charges of counsel, but not including the expenses incurred by DOE in connection with the preparation, negotiation, execution and delivery of this Conditional Commitment Letter, Term Sheet and any Transaction Documents), as the same are incurred, to which such Indemnified Person may become subject arising out of or relating to *(i)* the execution or delivery of this Conditional Commitment Letter, Term Sheet, any Transaction Document or any agreement or instrument contemplated hereby or thereby, or the performance by the parties hereto or thereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, *(ii)* the enforcement or preservation of any rights under this Conditional Commitment Letter, Term Sheet, any Transaction Document or any agreement or instrument prepared in connection

herewith or therewith, *(iii)* the Loans or the use or proposed use of the proceeds thereof, (*iv*) any actual or alleged presence or release of any substance of any kind defined as hazardous or toxic under the environmental laws of the United States, any foreign government or international organization, or of any state, local, municipal or other governmental authority, on or from any property owned, occupied or operated by the Applicant or any of its affiliates, or any environmental liability related in any way to the Applicant or any of its affiliates or any of its properties, or *(v)* any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by any third party or by the Applicant or any of its affiliates or otherwise, and regardless of whether any Indemnified Person is a party thereto, *provided* that such indemnity shall not apply to the extent the loss, claim, damage, liability or other expense results from the gross negligence or willful misconduct of the Indemnified Person, in each case as determined by a court of competent jurisdiction in a final, non-appealable order. This indemnity obligation shall survive the execution of the Loan Documents and the expiration or other termination of the Loans.

5. *Cooperation*

The Applicant will cooperate fully with DOE and its representatives and advisors with respect to its due diligence investigation of the Projects, including providing prompt and complete access to employees, engineers, accountants, facilities, books and records and contracts of the Applicant, as well as such other information as may be requested by DOE or its representatives or advisors, subject to reasonable measures implemented to ensure confidentiality of the information provided (consistent with the requirements of the Freedom of Information Act, 5 U.S.C. § 552 ("*FOIA*") and any regulations promulgated thereunder, and other applicable law).

6. *Reporting Requirements*

The Applicant will provide the following documents and information to DOE beginning on the date on which a conditional commitment exists up to and including the Financial Closing Date (at which point the Applicant will comply with the various reporting requirements set forth in the Loan Documents) or, if this Conditional Commitment Letter is terminated as provided herein, through this Conditional Commitment Letter's termination date:

(a) within five business days of the Applicant obtaining knowledge of such change, notice of any previously unreported change to the information contained in the Applicant's Application for the Loans which could reasonably be expected to have a material adverse effect on either Project or Fisker or on the value of any collateral valued in the Collateral Value Certificate, including any material change in *(i)* the description of the Projects and related plans and contractors; *(ii)* the status of each Project's related applications or approvals for governmental permits and authorizations; and *(iii)* the potential environmental impact of each Project; and

(b) at all times, any other information requested by DOE in its reasonable judgment regarding the Applicant or the Projects.

7. *Definitive Loan Documents*

As soon as practicable following the execution and delivery of this Conditional Commitment Letter, DOE and the Applicant will negotiate in good faith to enter into definitive Transaction Documents with respect to the transactions described in the Term Sheet to be on such terms and conditions as DOE and the Applicant mutually agree. The definitive Transaction Documents will include *(i)* the terms contained herein, including those terms set forth in the Applicable Regulations and Term Sheet, and *(ii)* such other terms and conditions as DOE and the Applicant mutually agree. Each of DOE and the Applicant will use its reasonable best efforts to prepare such Transaction Documents, and agree to take all such actions as may be required to consummate the transactions described in the Term Sheet on the terms and conditions set forth therein. However, the failure of DOE to execute and deliver the definitive Transaction Documents will not affect the binding effect or enforceability of Sections 3, 4, 8, 11 and 12 of this Conditional Commitment Letter.

8. *Assignment; Entire Agreement*

This Conditional Commitment Letter shall not be assignable by the Applicant without the prior written consent of DOE (and any such purported assignment shall be void) and may not be amended or waived except by a written instrument signed by DOE and Applicant. By executing this Conditional Commitment Letter, DOE and Applicant acknowledge that this Conditional Commitment Letter, including the Term Sheet, is the only agreement between the Applicant and DOE with respect to the Loans and sets forth the entire understanding of the parties with respect thereto. This Conditional Commitment Letter is intended to be solely for the benefit of the parties hereto and is not intended to confer any benefits upon, or create any rights in favor of, any person other than the parties hereto.

9. *Binding Nature; Survival*

The provisions of this Conditional Commitment Letter are binding on the parties hereto, and Sections 3, 4, 8, 11 and 12 of this Conditional Commitment Letter shall survive any termination or expiration of this Conditional Commitment Letter, provided that you will be released from your indemnification obligations hereunder upon the execution of the Loan Documents and the occurrence of the Financial Closing Date thereunder.

10. *Counterparts*

This Conditional Commitment Letter may be executed in separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same agreement. Such executed counterparts may be delivered electronically, with the original to be delivered promptly thereafter.

11. *Public Statements*

Neither the Applicant nor any subsidiary of the Applicant, nor any director, officer, employee or other agent affiliated with the Applicant or any person affiliated with any of the foregoing, shall make any press announcements or public statement about the Projects or the Loans without the prior written approval of the Director of the ATVM program at DOE.

12. *Governing Law*

This Conditional Commitment Letter shall be governed by the federal laws of the United States of America and not the law of the several states.

13. *Acceptance of Term Sheet; Expiration of Commitment*

If you are in agreement with the foregoing, please indicate your acceptance of the terms and conditions of this Conditional Commitment Letter, including the Term Sheet, by signing in the appropriate space below and returning to DOE (whether by way of manual or electronic delivery) an executed counterpart of this Conditional Commitment Letter not later than 5:00 p.m., Washington D.C. time, on September 18, 2009. DOE's commitment hereunder will expire at such time in the event DOE has not received such executed counterpart in accordance with the preceding sentence. Hereafter, this Conditional Commitment Letter and DOE's commitments hereunder shall terminate on the earlier of *(i)* February 15, 2010 (unless the Secretary or his appointed designee agrees to an extension, with such modifications of the terms hereof as he may require in his discretion), and *(ii)* the date on which the Loan Documents have been executed and delivered.

[Signatures Appear on Next Two Pages]

Very truly yours,

U.S. DEPARTMENT OF ENERGY

By: _____
Lachlan Seward,
as Director of the Advanced Technology
Vehicles Manufacturing Incentive Program

ACCEPTED AND AGREED TO
as of the date of this Conditional Commitment Letter:

FISKER AUTOMOTIVE INC.

By: _____

Name:
Title JAMES THORBURN
CFO

TERMS AND CONDITIONS FOR THE LOANS UNDER THE ATVM PROGRAM

This Term Sheet outlines the material terms and conditions of the transactions contemplated herein, but is not intended to be a comprehensive list of all relevant terms and conditions. The Transaction Documents will contain the terms and conditions set forth in this Term Sheet, in addition to other standard provisions and such other terms and conditions as DOE, in its discretion, may require. DOE reserves the right to propose such further terms and conditions as it deems necessary in the course of further due diligence and receipt of related approvals satisfactory to DOE, in its discretion, and any other approval procedures customary for a transaction of this nature.

Facility

1. *Facility*

Two multi-draw term loan facilities consisting of the Loans in an aggregate amount of up to $528,660,000 that are full recourse to the Borrower (as defined below), consisting of *(i)* the Karma Loan facility, in an aggregate amount of up to $169,300,000, and *(ii)* the Kx Loan facility, in an aggregate amount of up to $359,360,000.

The Loans will be secured by a first priority lien or security interest on all of the assets acquired with proceeds of the Loans and substantially all of the other assets of the Borrower as described in Section 15 of this Term Sheet.

2. *Borrower*

The borrower for the Loans will be Fisker Automotive, Inc., a corporation organized under the laws of Delaware ("*Fisker*" or the "*Borrower*"). Prior to the Financial Closing Date (as defined in Section 20 below), the current shareholders of Fisker will establish a new legal entity ("*Holding*") for the sole purpose of owning 100% of Fisker.

Projects and Eligible Project Costs

3. *Projects*

The projects to be financed with the Loans consist of *(i)* the engineering integration work performed in the United States (and related tooling and engineering integration) with respect to the Karma Project (the "*Karma Engineering Works*") and *(ii)* the establishment of a manufacturing facility in the United States with respect to the Kx Project (the "*Kx Facility*"), each as described in more detail in the Application and in the Milestones to be developed pursuant to Section 4 below.

4. *Business Plan*

(a) The Borrower will, no later than 15 business days prior to the Financial Closing Date (as defined in Section 22 of this Term Sheet), and at specified intervals during the terms of the Loans, provide to DOE an updated business plan for the Projects containing, in each case, as may be acceptable to DOE in its discretion (unless set forth otherwise below):

(i) a reasonably detailed list of milestones (the "*Milestones*"), in chronological order, that the Borrower will need to satisfy in order to fully complete each Project, together with the anticipated completion date for each of the Milestones (each, a "*Milestone Completion Date*") and, to the extent they can be identified as of such date, the anticipated costs and expenses that the Borrower expects will be incurred and paid for each Project in connection with, and through the completion of, each of the Milestones,

(ii) financial statements as of June 30, 2009, for the Borrower, together with a financial model presenting projected financial statements, quarterly for 2009, 2010 and 2011 and annually thereafter, for the Borrower for the proposed term of the obligations, including, *inter alia*, income statements, balance sheets and cash flow statements,

(iii) a detailed description of the overall financing plan for each Project and all other projected cash needs of the Borrower for the same period, including all projected sources and uses of funding, a detailed schedule of proposed Loan advances for each fiscal quarter and the applicable Eligible Project Costs (as such term is defined in Section 5(a)(ii) of this Term Sheet) to be reimbursed with such proceeds,

(iv) separate operating and capital expenditure budget forecasts for each Project[1], including *(A)* a detailed line item breakdown of the total costs of each Project (including, but not limited to, the costs of the Karma Engineering Works and the Kx Facility, as applicable), in each case at a level of detail satisfactory to DOE, and *(B)* a detailed description of the methodology and all material assumptions used to produce such estimates and the projected financial statements referred to in clause (ii) above (the "*Karma Budget*" or the "*Kx Budget*", as applicable, and together, the "*Budget*"), and

(v) such other information as may be required by DOE in its reasonable discretion.

The items described in clauses (i) through (v) above, inclusive, as approved from time to time by DOE, are referred to herein as the "*Business Plan*".

(b) The Borrower has submitted a proposed set of Milestones to DOE as of the date hereof which DOE is currently reviewing. While the Business Plan may be periodically updated in accordance with the terms of this Term Sheet, once approved by DOE (*i*) the Milestones and the Milestone Completion Dates may only be updated or otherwise amended with the written consent of the DOE and (*ii*) no Budget line item may be increased in a material amount (to be defined more precisely in the Loan Documents) unless DOE has approved an equivalent decrease in another Budget line item or the Borrower has obtained additional equity investment commitments equal to the amount of such increase for the purpose of funding the cost thereof on terms and conditions satisfactory to DOE. The Milestones to be included in the Business Plan will in any event include:

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[1] The capital expenditure budget should reflect an estimated $42 million site acquisition cost (which has been used in Kx Facility Loan sizing) and a separate $33 million contingency available solely for site acquisition expenses.

(i) with respect to the Karma Project, *(A)* completion of the Karma Engineering Works, *(B)* completion of all other engineering integration work required for the Karma Project, *(C)* a schedule for completion of all vehicle certification requirements in the United States and the European Union related to vehicle safety and environmental matters; *(D)* commencement of commercial production of the Karma vehicle and satisfaction of mutually agreed performance and quality assurance tests, *(E)* achieving Karma vehicle sales of 11,000 units by September 30, 2011 at an average price of not less than $87,900, and *(F)* creation of a satisfactory dealer network for sales of Karma vehicles,

(ii) with respect to the Kx Project, *(A)* purchase of the site required for the Kx Facility (to be completed no later than April 30, 2010) *(B)* completion of construction and/or re-equipping of the manufacturing facility for the Fisker Kx vehicle and all related tooling work required for assembly thereof, *(C)* completion of all engineering integration work required for tooling related to Kx vehicle assembly; *(D)* a schedule for completion of all vehicle certification requirements related to safety and environmental matters for retail sales of the Kx vehicle in the United States and European Union; *(E)* commencement of commercial production of the Kx vehicle at the Kx Facility in quantities to be mutually agreed and satisfaction of mutually agreed performance and quality assurance tests and *(F)* creation of a satisfactory dealer network for sales of Kx vehicles and

(iii) funding of all necessary equity capital required to achieve each Milestone by the related Milestone Completion Date (such equity capital shall include at least $235 million of additional equity (the "*Minimum Additional Equity*") to be raised by the Milestone Completion Dates set forth on Schedule 2 hereto).

5. *Use of Proceeds; Eligible Project Costs*

(a) Eligible Project Costs

(i) The proceeds of the Karma Loan may be used from time to time solely for the purpose of reimbursing the Borrower for costs or expenses of the Karma Engineering Works specified in the relevant advance request that *(A)* qualify as eligible costs within the meaning of Section 611.102 of the Applicable Regulations and that have not been funded with proceeds (other than proceeds of the Karma Loan) obtained by the Borrower from the United States or any instrumentality thereof (other than the Karma Loan), including under the Troubled Asset Relief Program or any grant program, *(B)* are provided for in the Karma Budget, *(C)* do not constitute Cost Overruns (as defined in Section 8 of this Term Sheet), and *(D)* were not paid on or prior to December 31, 2008 ("*Eligible Karma Engineering Costs*").

(ii) The proceeds of the Kx Loan may be used from time to time solely for the purpose of reimbursing the Borrower for costs or expenses of the Kx Facility specified in the relevant advance request that *(A)* qualify as eligible costs within the meaning of Section 611.102 of the Applicable Regulations and that have not been funded with proceeds (other than proceeds of the Kx Loan) obtained by the Borrower from the United

States or any instrumentality thereof (other than the Kx Loan), including under the Troubled Asset Relief Program or any grant program, *(B)* are provided for in the Kx Budget, *(C)* do not constitute Cost Overruns (as defined in Section 8 of this Term Sheet), and *(D)* were not paid on or prior to December 31, 2008 ("*Eligible Kx Facility Costs*", and together with Eligible Karma Engineering Costs, the "*Eligible Project Costs*").

(b) Projected Eligible Project Costs.

As of the date of this Term Sheet, Fisker estimates that:

(i) the aggregate expenses for the Karma Engineering Works that qualify as Eligible Karma Engineering Costs (including Historical Costs (as defined in Section 9(b) of this Term Sheet) that would otherwise qualify as Eligible Karma Engineering Costs if they had been incurred after December 31, 2008) will not exceed $213,700,000; and

(ii) the aggregate expenses for the Kx Facility that qualify as Eligible Kx Facility Costs (including Historical Costs (as defined in Section 9(b) of this Term Sheet) that would otherwise qualify as Eligible Kx Facility Costs if they had been incurred after December 31, 2008) will not exceed $449,200,000.[2]

6. *Applicant Commitment*

Fisker will commit to pay all costs and expenses necessary for timely completion of:

(i) the Karma Project (including the Karma Engineering Works and each Milestone related to the Karma Project) to the extent such costs and expenses exceed the amounts available from time to time under the terms of the Loan Documents (as defined in Section 19) (such payments, the "*Applicant Karma Project Payments*"). Without limiting the generality of the foregoing, immediately prior to FFB making any Advance (as defined in Section 10(a) of this Term Sheet) related to the Karma Loan, Fisker will make Applicant Karma Project Payments or provide evidence of Applicant Karma Project Payments in a manner satisfactory to DOE of all expenses of the Karma Engineering Works and incurred on or before the date of such Advance to the extent such expenses exceed the Maximum Karma Loan Amount (as defined in Section 9(a)(i) of this Term Sheet) as of the date of such Advance; and

(ii) the Kx Project (including each Milestone related to the Kx Project) to the extent such costs and expenses exceed the amounts available from time to time under the terms of the Loan Documents (such payments, the "*Applicant Kx Project Payments*"). Without limiting the generality of the foregoing, immediately prior to FFB making any Advance related to the Kx Loan, Fisker will make Applicant Kx Project Payments or provide evidence of Applicant Kx Project Payments in a manner satisfactory to DOE of all expenses of the Kx Facility incurred on or before the date of such Advance to the extent such expenses exceed the Maximum Kx Loan Amount (as defined in Section 9(a)(ii) of this Term Sheet) as of the date of such Advance.

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[2] This assumes a Kx site acquisition cost of $42 million.

7. *Committed Equity Condition*

The obligation to make any Advance will be subject to the condition (the "*Committed Equity Condition*") that the amount to be Advanced, together with *(i)* any remaining undisbursed amount under the Loans, and *(ii)* Fisker's financial resources in the form of *(w)* cash and cash equivalents on hand, *(x)* additional equity funding committed on terms satisfactory to DOE, *(y)* reasonable projections of future retained earnings satisfactory to DOE, and *(z)* available undrawn commitments under the permitted working capital facility referred to in Section 28(c) (but specifically excluding any cash or commitments that Fisker is restricted from using to fund costs and expenses of the Projects, whether by contract, legal requirement or otherwise), will be sufficient to:

(i) achieve each Milestone on or before the relevant Milestone Completion Date,

(ii) provide all working capital contemplated in the Business Plan or otherwise required for the Projects, including for commercial production of the Karma and Kx vehicles at levels not less than those contemplated in the Business Plan, and

(iii) fund any contingencies or cost overruns that might arise in connection with the Projects.

8. *Cost Overruns*

In the event that the Borrower incurs costs and expenses in excess of any amount specified in a specific line item of the Business Plan in respect of the Karma Engineering Works or the Kx Facility (a "*Cost Overrun*"), the Borrower shall be required to pay such Cost Overrun out of its own funds or with additional equity and not with the proceeds of any Loans.

Loans

9. *The Loans; Historical Costs*

(a) The Loans are to be made in one or more Advances by and through FFB, and authorized, approved and arranged by DOE pursuant to the terms and conditions of the ATVM Program, Section 136 and the Applicable Regulations, in an aggregate principal amount at no time exceeding the lesser of:

(i) with respect to the Karma Loan, *(x)* 100% of Eligible Karma Engineering Costs incurred and paid on or before the date of such Advance, *(y)* 80% of the sum of the Eligible Karma Engineering Costs *plus* the applicable Historical Costs incurred and paid on or before the date of such Advance (not counting for this purpose any such costs paid with the proceeds of indebtedness other than the Karma Loan or indebtedness that has been repaid or converted to equity prior to the Financial Closing Date (as defined in Section 20)), and *(z)* $169,300,000 (such lesser amount, the "*Maximum Karma Loan Amount*"); and

(ii) with respect to the Kx Loan, provided that all conditions precedent under Section 21 to the initial Advance of the Kx Loan have been satisfied, *(x)* 100% of Eligible Kx Facility Costs incurred and paid on or before the date of such Advance, *(y)* 80% of the sum of the Eligible Kx Facility Costs *plus* the applicable Historical Costs incurred and paid on or before the date of such Advance (not counting for this purpose any such costs paid with the proceeds of indebtedness other than the Kx Loan or indebtedness that has been repaid or converted to equity prior to the Financial Closing Date), and *(z)* $359,360,000 (such lesser amount, the "*Maximum Kx Loan Amount*").

(b) The term "*Historical Costs*" means *(i)* with respect to the Karma Project those costs of the Karma Engineering Works paid on or prior to December 31, 2008 that would have been considered Eligible Karma Engineering Costs if they had instead been paid after December 31, 2008, and *(ii)* with respect to the Kx Project, those costs of the Kx Facility paid on or prior to December 31, 2008 that would have been considered Eligible Kx Facility Costs if they had instead been paid after December 31, 2008. For purposes of applying the limitations contained in Section 9(a), the parties have assumed that the Historical Costs are equal to $44,300,000, in the case of the Karma Project, and that there were no Historical Costs incurred in the case of the Kx Project (in each case, the "*Historical Costs Assumption*"). In the event DOE determines that the Historical Costs Assumption with respect to the Karma Project does not accurately reflect the actual Historical Costs paid by Fisker with respect to the Karma Project, *(x)* DOE's determination of actual Historical Costs for such Project shall thereafter be used for purposes of Section 9(a), *(y)* the next Advance(s) under the Karma Loan shall be reduced in an amount equal to *(1)* the aggregate amount of Advances theretofore made under the Karma Loan (as determined in accordance with the incorrect Historical Costs Assumption) *minus (2)* the aggregate amount of such Advances that would have been made had they been determined in accordance with the actual Historical Costs, and *(z)* Fisker shall certify that the Committed Equity Condition can be satisfied notwithstanding the effects of the foregoing clauses (x) and (y).

10. *Availability*

(a) Subject to the terms of the Funding Agreements (as defined in Section 19(b) below), disbursements of the Loans (each, an "*Advance*") may be requested from time to time (but no more frequently than twice during any calendar month) during the period (the "*Loan Availability Period*") from *(x)* the Financial Closing Date to *(y)* the date that is 16 months following the Financial Closing Date with respect to the Karma Loan, or the date that is 33 months following Financial Closing Date with respect to the Kx Loan.

(b) Subject to satisfaction of the conditions precedent set forth in the Loan Documents, the proceeds of *(x)* Karma Loan Advances will be used to reimburse the Borrower for the payment of Eligible Karma Engineering Costs and *(y)* Kx Loan Advances will be used to reimburse the Borrower for the payment of Eligible Kx Facility Costs, in each case in accordance with the then current Business Plan. Subject to the terms of the Funding Agreements and other Transaction Documents, Advances to Fisker will be made in accordance with the following procedures:

(i) no less than ten business days prior to any Advance Date (as defined in Section 23 of this Term Sheet), Fisker shall provide DOE for its review and approval

with *(1)* an advance request in accordance with Section 24(a), in sufficient detail and including wire transfer instructions and copies of invoices or other reasonable documentation evidencing the applicable Eligible Project Costs to be reimbursed, *(2)* a certificate executed by an authorized officer of Fisker certifying that *(A)* the proceeds of the Advance will be used solely to reimburse Fisker for applicable Eligible Project Costs paid by Fisker on or before the date of such Advance request, in accordance with the then current Business Plan and *(B)* the Eligible Project Costs being reimbursed, together with all other costs related to the Projects incurred during the current year (whether or not Eligible Project Costs), will not exceed the budgeted amounts for such year in the relevant line items of the Budget, *(3)* an updated Budget satisfactory to DOE, and *(4)* such other applicable documentation, certificates and information specified in this Term Sheet (including in Section 24, Section 23, where applicable, and, prior to the Financial Closing Date, Section 22);

(ii) subject to satisfaction by Fisker of all necessary conditions precedent specified in this Term Sheet, no less than three business days prior to any Advance Date, DOE shall provide the FFB with *(1)* the applicable advance request from Fisker described in clause (i) above and *(2)* an advance approval notice from DOE; and

(iii) pursuant to the foregoing, FFB will make Advances to Fisker to reimburse Fisker for the relevant Eligible Project Costs, as soon as commercially practicable, and in any event within three business days following receipt from DOE of the applicable advance request and advance approval notice specified above.

Fisker agrees that DOE shall only be required to use reasonable efforts to provide the FFB with the necessary Advance requests and advance approval notices within the time-frames specified above, but DOE shall in any event ensure that the FFB receives all such Advance requests and Advance approval notices as soon as practicable following receipt from Fisker of the applicable Advance requests and necessary certificates specified above (subject to Fisker satisfying all necessary conditions precedent specified in this Term Sheet, including in Section 24, Section 23, where applicable, and, prior to the Financial Closing Date, Section 22).

Fisker acknowledges and agrees that notwithstanding any other provision of this Term Sheet to the contrary, DOE shall not be required to approve any Advance unless the same has been requested and will be applied to reimburse Fisker for the applicable Eligible Project Costs previously paid by Fisker.

DOE reserves the right to retain, after consultation with Fisker and at Fisker's sole cost and expense, an independent engineer to review Advance requests, verify Fisker's application of the proceeds of the Loans, confirm Fisker's completion of the Milestones and perform such other similar tasks in connection with the administration of the Loans as may be required by DOE.

11. *Interest Rate*

Subject to the terms of the Funding Agreements (as defined in Section 19 of this Term Sheet), each Advance shall have its own interest rate (the "*Interest Rate*"), which rate will be determined by the Secretary of the Treasury as of the date the respective Advance is made. The

Interest Rate for each Advance will be a rate per annum equal to the single equivalent rate for the payment stream on the Advance under the terms of the Funding Agreements. The single equivalent rate will be determined first by envisioning the payment stream on the Advance under the Funding Agreements as a payment stream on a series of bonds in which each bond has a principal amount equal to the level principal installment due on each payment date on the Advance, and each bond matures on the same date as a payment date on the Advance, and then by assigning to each serial bond a separate interest rate derived from the daily U. S. Treasury yield curve corresponding to each bond's maturity date. Then, a single equivalent rate is calculated and given to the Advance that produces the same payment stream that the sum of the payments on the individual serial bonds produces.

All overdue amounts on the Loans will accrue interest at the Late Charge Rate (as such term is defined in the promissory notes evidencing the Loans) to be determined, and be payable by the Borrower, in accordance with the Funding Agreements.

12. *Interest Payments*

Interest will accrue from the first Advance and thereafter be payable in cash in arrears on each quarterly payment date as specified in the Funding Agreements (each such date, a "*Payment Date*").

13. *Principal Amortization and Maturity*

The outstanding principal amount of the Karma Loan will be payable in equal quarterly installments commencing on the first Payment Date occurring not less than 36 months following the Financial Closing Date.

The final maturity of the Karma Loan will be the date that is the seventh anniversary of the Financial Closing Date.

The outstanding principal amount of the Kx Loan will be payable in equal quarterly installments commencing on the first Project Payment Date occurring not less than 39 months following the Financial Closing Date.

The final maturity of the Kx Loan will be the date that is the sixteenth anniversary of the Financial Closing Date.

14. *Prepayments of the Loans*

(a) Voluntary Prepayments.

(i) Subject to clause (c) below, any Advance may be prepaid in whole or in part at any time.

(ii) With respect to the Loans, the Borrower may prepay the Loans, in whole or in part, in an aggregate minimum amount of $100,000 and integral multiples of $100,000 in excess of that amount.

(b) Mandatory Prepayments. Subject to clause (c) below, and unless waived by DOE Fisker will make mandatory prepayments of borrowings under the Loans as follows:

(i) with any net proceeds received upon the permitted sale of any Collateral (as defined in Section 15) or other assets, except:

(1) inventory, including refurbished prototypes, sold in the ordinary course of business;

(2) non-exclusive licenses of intellectual property in the ordinary course of business on customary terms that do not impair the value of such intellectual property or any other assets as Collateral; and

(3) certain other limited customary exceptions to be agreed;

(ii) with any net casualty insurance proceeds received in connection with a fire or other casualty loss and any net condemnation proceeds from a taking of all or any portion of any property of the Borrower, in each case to the extent such proceeds are not applied to effect a complete restoration of the applicable property on terms and conditions customary for the handling of casualty or condemnation proceeds;

(iii) with the net proceeds of any warranty claims or other extraordinary receipts (*e.g.*, cash received by or paid to the account of Fisker not in the ordinary course of business from, for example, damage claims under purchase or construction contracts) with respect to any property of the Borrower, in each case to the extent such proceeds are not used to restore, repair or replace the affected property, or to pay or reimburse costs arising from the events giving rise to the payment of such proceeds or other receipts, all on terms and conditions customary for the handling of such proceeds or receipts;

(iv) with proceeds of any excess draws *(x)* under the Karma Loan to the extent an Agreed-Upon Procedures Report (as defined in Section 27(r) of this Term Sheet) provides that the proceeds of any Karma Loan Advance were not applied to pay Eligible Karma Engineering Costs or *(y)* under the Kx Loan to the extent an Agreed-Upon Procedures Report provides that the proceeds of any Kx Loan Advance were not applied to pay Eligible Kx Facility Costs;

(v) to the extent the outstanding principal amount of *(x)* the Karma Loan exceeds the then applicable Maximum Karma Loan Amount or *(y)* the Kx Loan exceeds the then applicable Maximum Kx Loan Amount; and

(vi) annually, commencing with FY 2013, in an amount equal to 20% of any Excess Cash Flow for such year, to be paid no later than March 31 of the following year ("*Excess Cash Flow*" shall be calculated as EBITDA (as defined in Schedule 1) *minus* any increases in non-cash working capital, *minus* interest and taxes paid, *minus* capital expenditures, *minus* scheduled debt amortization payments *minus* the number (if greater than zero) resulting from subtracting the amount of cash and cash equivalents held by the Borrower as of the end of such year from $200 million *plus* any decreases in non-cash working capital).

(c) All Prepayments. All prepayments of the Loans:

(i) are subject to the terms of the Funding Agreements and the Arrangement Agreement (as defined in Section 19 of this Term Sheet); and

(ii) will be applied:

(1) in each case of prepayments pursuant to clause (a) above, to remaining scheduled amortization payments, in the inverse order of maturity, under any of the outstanding Advances selected by the Borrower, as set forth in the Funding Agreements and the Arrangement Agreement; and

(2) in each case of prepayments pursuant to clause (b)(i), (ii), (iii) and (vi) above to remaining scheduled amortization payments, in the inverse order of maturity, under any of the Advances selected by DOE and outstanding in respect of the Kx Loan until such Loan is repaid in full, then in respect of the Karma Loan until such Loan is repaid in full, as set forth in the Funding Agreements and the Arrangement Agreement; and

(3) in each case of prepayments pursuant to clauses (b)(iv) and (v) above to remaining scheduled amortization payments, in the inverse order of maturity, under any of the Advances selected by DOE in its sole discretion and outstanding in respect of the relevant Loan, as set forth in the Funding Agreements and the Arrangement Agreement.

Any outstanding Loan amounts prepaid may not be re-borrowed, nor create availability for further borrowings during the applicable Loan Availability Period. Prepayments shall be made at a price equal to *(i)* in the event of a prepayment in whole of an Advance, the sum of *(x)* the price for such Advance that would, if such Advance (including all unpaid interest accrued thereon through the intended prepayment date) were purchased by a third party and held until maturity, produce a yield to such third party purchaser, for the period between the date of purchase and maturity substantially equal to the interest rate that would be set on a loan from the Secretary of the Treasury to FFB to purchase an obligation having a payment schedule identical to the payment schedule of such Advance for the period from the intended prepayment date to maturity, *plus (y)* all unpaid late charges accrued on such Advance through the intended prepayment date (the "*Prepayment Price*"), *(ii)* in the event of a partial prepayment of an Advance, a *pro rata* share of the Prepayment Price that would be required for a prepayment of the entire principal amount of such Advance, and *(iii)* in the event of a repayment in full of all outstanding Advances, the sum of the Prepayment Prices for all such outstanding Advances.[3]

15. *Collateral.*

The Loans will be secured prior to the Financial Closing Date, subject to limited exceptions as may be agreed in the Loan Documents, by a first priority security interest in and lien on all real, personal and intangible assets, all material contracts and all other rights of the

[3] Prepayment Price formulation subject to change to conform to final form of FFB documents.

Borrower and all of the equity interest in the Borrower (collectively, the "*Collateral*") in which a security interest can be created, including the following:

(a) assignment of all revenues and account receivables;

(b) assignment of all of the Borrower's rights under any material project agreement, including agreements for the production of the Karma and Kx vehicles and dealer agreements;

(c) all assignable governmental approvals held by the Borrower;

(d) each of the Borrower's bank accounts;

(e) all permitted investments made with the deposits in any bank account;

(f) the equity interests in the Borrower;

(g) proceeds of insurance policies not required to be paid to a third party with DOE being named as additional loss payee and as additional insured;

(h) all of the Borrower's intellectual property, technical data including software, licenses, general intangibles and goodwill (subject to certain limited ordinary course exceptions to be agreed);

(i) all real estate and leasehold interests of the Borrower (other than Borrower's existing leasehold interests in certain office space in Pontiac, Michigan and Irvine, California);

(j) all of the Borrower's other assets, including all equipment, inventory, assets in the custody of Valmet or other third parties in the course of assembly, fabrication or manufacturing, receivables, investment property, contract rights, books and records and all other property of the Borrower (subject to certain limited ordinary course exceptions to be agreed); and

(k) all proceeds of the foregoing.

For the avoidance of doubt, it is understood that all of the assets described in clauses (a) through (k) of this Section 15 shall be included in the Collateral whether or not financed or acquired with the proceeds of the Loans and the Applicant Commitments. The security interests granted in the Collateral will be made in favor of the United States of America, acting by and through DOE (and including FFB) or agents designated by them to act.

16. *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*").

17. *Facility Fee*

On the Financial Closing Date, the Borrower will pay to DOE a facility fee (the "*Facility Fee*") equal to 0.10% of $528,660,000.

18. *Loan Administration*

Servicing and monitoring duties with respect to the Loans will be performed by DOE in accordance with the Arrangement Agreement.

Transaction Documents

19. *Loan Documents*

The agreements to be entered into with DOE and FFB in connection with the Loans are expected to include the following, each of which must be satisfactory in form and substance to DOE (collectively, the "*Loan Documents*"):

(a) a Loan Arrangement and Reimbursement Agreement (the "*Arrangement Agreement*") between the Borrower and DOE, setting forth, *inter alia*, *(i)* an undertaking by DOE to arrange for the Loans to be made by and through FFB, *(ii)* conditions to funding of the Loans, *(iii)* representations, warranties and covenants to be made by the Borrower in favor of DOE, *(iv)* events of default that will trigger exercise of remedies under the Loan Documents and *(v)* reimbursement obligations;

(b) all documents and agreements necessary or desirable in connection with the making by FFB of the Loans (the "*Funding Agreements*"), including:

(i) the Program Financing Agreement between DOE and FFB (the "*Program Financing Agreement*"), in substantially the form attached as Exhibit A hereto;

(ii) the Note Purchase Agreement among the Borrower, DOE and FFB, in substantially the form attached as Exhibit B hereto;

(iii) future advance promissory notes evidencing the Loans issued by the Borrower and payable to FFB (the "*Project Promissory Note*"), in substantially the form attached as Exhibit C hereto;

(iv) any other agreements required in connection with the funding of the Loans by FFB;

(c) Security Documents (as defined in Section 20 below); and

(d) such other documents and agreements as may be required under the Program Requirements.

20. *Security Documents*

The Security Documents to be entered into in connection with the Loans are expected to include the following, each of which must be satisfactory to DOE in form and substance and include detailed terms and conditions necessary and appropriate to protect the interests of the United States, including DOE and FFB, in the Collateral in the case of any default or event of default, including ensuring availability (and delivery, in the case of technical data including software and any other applicable assets) of all the intellectual property rights, technical data including software, other books and records, real property, physical assets and all other rights necessary for any person or entity, including DOE, to complete, operate, convey, and dispose of any part of the Collateral (collectively, the "*Security Documents*"):

(a) agreements collaterally assigning the Project Documents (as defined in Section 21 of this Term Sheet);

(b) agreements collaterally assigning all governmental approvals, licenses and permits for the Projects;

(c) *(i)* consents or recognition agreements from *(x)* counterparties to the Project Documents (as defined in Section 21 below) requested by DOE, and *(y)* any applicable governmental authorities, as appropriate, with respect to the collateral assignment of any governmental approvals and licenses and the transfer thereof following an event of default and *(ii)* landlord estoppel certificates and lien waiver and collateral access agreements from applicable landlords, vendors and warehouse owners to permit DOE to exercise remedies against and take possession of the applicable Collateral;

(d) agreements collaterally assigning all intellectual property, licenses, technical data including software, general intangibles and goodwill of the Borrower;

(e) agreements mortgaging all real property owned, or leasehold interests held, by the Borrower (except as provided in Section 15(i)) and providing access, easements and other rights with respect to all real property owned or leased by the Borrower;

(f) deposit and securities account control agreements under which, *inter alia*, DOE will have sole control over the relevant accounts upon the occurrence and during continuance of an Event of Default;

(g) an agreement establishing the Debt Service Reserve Account with a collateral trustee (the "*Collateral Trustee*") selected by DOE and requiring that the Company maintain a balance in such account equal to the Required Debt Service Reserve;

(h) any agreements or instruments required to perfect a security interest in any Collateral located in Finland or elsewhere outside the United States;

(i) a pledge agreement by Holding of its shares in Fisker and a guarantee by Holding of all of Fisker's obligations under the Loan Documents; and

(j) all other agreements and instruments necessary to create a first priority perfected security interest under applicable law in the Collateral.

The Borrower will pay all costs in connection with the pledge, perfection and maintenance of the Collateral and the Security Documents, including registration, recording taxes, notarization, and filing fees and charges. All costs associated with the use of a Collateral Trustee will be paid by the Borrower. In addition to acting as a holder of the Debt Service Reserve Account, DOE may require the Collateral Trustee to perform other functions under the Loan Documents. In such event, the Loan Documents will be modified to so provide.

21. *Project Documents*

The Borrower will give DOE reasonable advance notice before entering into, or agreeing to any material amendment or modification to, any of the following agreements (the "*Project Documents*"):

(a) the Assembly Agreement related to the Karma vehicle with Valmet Automotive, Inc.;

(b) the Powertrain Development Agreement related to the development by Quantum Fuel Systems Technologies of the powertrain for Fisker vehicles;

(c) the Design Development Agreement related to the design responsibilities of Fisker Coachbuild, LLC with respect to Fisker vehicles;

(d) the license with Fisker Coachbuild, LLC relating to the Fisker trademark;

(e) purchase orders with contractors satisfactory to DOE for engineering and tooling relating to the Karma and Kx vehicles and their components (including such purchase orders and engineering services contracts as are necessary for the Karma Engineering Works and the Kx Facility);

(f) agreements with contractors satisfactory to DOE to manufacture each component required for the Karma and Kx vehicles;

(g) leases for office space in Irvine, California and Pontiac, Michigan;

(h) purchase agreements satisfactory to DOE with respect to real property to be acquired for the manufacturing of the Kx vehicle;

(i) construction or re-equipping contracts in connection with the establishment of the Kx vehicle manufacturing facility;

(j) other agreements as may be identified by DOE's further due diligence; and

(k) all other material agreements necessary for the consummation of the Projects.

The terms of each Project Document that relate to DOE's security interest therein must be on terms and conditions satisfactory to DOE. In addition, with respect to the other terms and conditions of such Project Documents, Fisker will not enter into such Project Document unless DOE shall have been given a reasonable period within which to object to such other terms and such objections, if any, shall have been addressed to the reasonable satisfaction of DOE. All Project Documents shall contain provisions consenting to their assignment to DOE or a representative as collateral for the Loans, allowing DOE or its representative to exercise and enforce all of Fisker's rights thereunder, give DOE satisfactory inspection rights, require that DOE be given notice of Fisker defaults and an opportunity to cure the defaults, and such other provisions for DOE's benefit as it may reasonably request. In the alternative, Fisker may arrange for the relevant supplier to enter into a separate agreement with DOE to the foregoing effect.

The Loan Documents and the Project Documents are collectively referred to as the "*Transaction Documents*".

Financial Closing, Project Loan Advances and Conditions Precedent

22. *Conditions Precedent to Financial Closing Date*

The financial closing of the Loans is subject to closing conditions as are usual and customary for financings of this type, as are required under the Program Requirements or as are otherwise deemed appropriate by DOE for this transaction in particular, including satisfaction as of the date of such financial closing (the "*Financial Closing Date*") of the following conditions precedent (with respect to such Financial Closing Date, the "*Initial Conditions Precedent*"), each of which must be to the satisfaction of DOE:

(a) Due Diligence Review. DOE shall have completed its due diligence review of the Projects and all other matters related thereto, and the results thereof shall be satisfactory to DOE, including that no material issues exist with respect to the Projects under the laws of the States of Michigan, California and the state in which the Kx Project manufacturing facility will be located or any subdivision or local jurisdiction thereof;

(b) Organization of Borrower and Holding. Delivery of organizational documents in form and substance satisfactory to DOE of the Borrower and Holding;

(c) Receipt of Corporate Approvals; Company Certificates. Delivery, in form and substance satisfactory to DOE of *(i)* certificates and documents evidencing the Borrower's and Holding's receipt of all board, stockholder and other corporate approvals to enter into any Transaction Document to which it is a party and fully implement and perform the terms thereof, and *(ii)* a secretary's certificate of the Borrower and Holding to which resolutions and good standing certificates are attached;

(d) Information. Delivery of a certificate of the Borrower certifying that, as of the Financial Closing Date, the information contained in the Application, together with all other information delivered by or on behalf of the Borrower in connection with such Application and the negotiation of the Transaction Documents, including the Information Certificate delivered by the Applicant to DOE on the date hereof is true and complete in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary in

order to make the statement contained therein not misleading in light of the circumstances under which such statements were made (it being understood that in the case of projections, such projections are based on estimates which are reasonable as of the date such projections are stated or certified);

(e) Transaction Documents. Execution and delivery of all Transaction Documents, in form and substance satisfactory to DOE together with evidence that such Transaction Documents *(i)* contain all terms and conditions DOE deems necessary or desirable to protect the interests of the United States, including DOE and FFB and *(ii)* are in full force and effect;

(f) Security Interests. Perfection of all requisite security interests in the Collateral and delivery all necessary waivers, amendments, approvals and consents authorizing the pledge of such Collateral;

(g) Debt Service Reserve. Funding of the Debt Service Reserve Account in an amount of not less than the Required Debt Service Reserve;

(h) Lien Searches. Receipt of lien searches, satisfactory to DOE in each of the jurisdictions in which the Uniform Commercial Code financial statements or other filings should be made, revealing no liens on the Collateral, aside from permitted liens;

(i) Existing Debt. Repayment or redemption of all other outstanding debt, past due accounts payable or mandatorily redeemable stock except as approved by DOE;

(j) Existing Collateral. Releases of all liens on any Collateral in favor of any other person except for customary ordinary course permitted liens not securing indebtedness (other than certain limited ordinary course permitted indebtedness to be agreed);

(k) Legal Opinions and Similar Documents. Delivery of such legal opinions as are usual and customary in secured financings rendered by counsel to Borrower, as well as any additional legal opinions, bring-down certificates, reliance letters and similar documents as DOE may request;

(l) Financial Statements. Delivery of any financial statements and compliance certificates then required to be delivered by the Borrower, not later than 15 business days prior to the Financial Closing Date;

(m) Business Plan. Delivery of an updated Business Plan in form and substance satisfactory to DOE, including the information provided for in Section 4 of this Term Sheet;

(n) Eligible Project Costs. Receipt of all information with respect to Eligible Project Costs incurred and paid by the Borrower as of the date 10 business days prior to the Financial Closing Date, including breakdowns of such information as DOE may request, all certified by an authorized officer of the Borrower;

(o) Permits. All environmental, regulatory, construction and other permits and approvals then required for the Karma Project shall be in place and not be subject to waiting periods or appeal;

(p) Consents. Receipt of all consents and waivers required pursuant to any contractual obligation that would prohibit the Borrower or Holding from executing and performing its obligations under the Transaction Documents;

(q) Insurance. Receipt of a satisfactory report and associated closing certificate from the Borrower's insurance advisor to the effect that the Borrower has obtained the Required Insurance (as defined in Section 31 below);

(r) Karma Project Intellectual Property. The Borrower owns or has licensed all intellectual property rights necessary for the Karma Project and has resolved in a manner satisfactory to DOE all of the trademark infringement claims described in the Information Certificate;

(s) Exchange Risk. The Borrower has demonstrated to DOE that it has a commercially reasonable strategy with respect to its foreign exchange exposures, including satisfactory arrangements to hedge FX exposure under the Valmet Assembly Agreement.;

(t) Collateral Value. DOE has determined that there has been no material impairment in the value of the Collateral, as set forth in the Collateral Value Certificate, attached hereto as Exhibit D;

(u) Payment of the Facility Fee. Payment of the Facility Fee due and payable on the Financial Closing Date;

(v) Status as Eligible Applicant; Eligible Project. Certification of the Borrower that since execution of the Conditional Commitment Letter no event has occurred that affects or alters *(i)* Borrower's status as an Eligible Applicant, as described in the Applicable Regulations and *(ii)* each Project's designation as an Eligible Project, as defined in the Applicable Regulations;

(w) Evidence of No Judgment Liens. Delivery of satisfactory lien searches showing that no judgment liens exist against any of Fisker's properties for a debt owed to the United States of America;

(x) Lobbying Certification. Certification of Fisker that is required to be filed by recipients of federal loans regarding lobbying, in the form set forth in Appendix A to 31 CFR Part 21 and, if required under 31 CFR Part 21, disclosure forms to report lobbying, in the form set forth in Appendix B to 31 CFR Part 21;

(y) Liquidity Commitments. Evidence of satisfactory commitments to provide Fisker with an aggregate of $50,000,000 in cash liquidity as contemplated in the Business Plan from one or more financing sources acceptable to DOE which may be in the form of: *(i)* a revolving credit facility (or facilities) in form and substance satisfactory to DOE, *(ii)* commitments to make equity investments in form and substance satisfactory to DOE, or *(iii)* such other arrangements as shall be in form and substance satisfactory to DOE;

(z) Additional Equity. Receipt of not less than $157.8 million in proceeds from the Minimum Additional Equity; and

(aa) Other Documents and Information. Receipt by DOE and FFB of any other certificates, documents, agreements and information respecting the Borrower or Holding as may have been requested.

23. *Conditions Precedent to Initial Advance Under the Kx Loan*

The making of the first Advance under the Kx Loan is subject to conditions as are usual and customary for financings of this type, as are required under the Program Requirements or as are otherwise deemed appropriate by DOE for this transaction in particular, including satisfaction as of the date of the related Advance Date (as defined in Section 22) of the following conditions precedent, each of which must be to the satisfaction of DOE:

(a) Kx Site Acquisition. The Borrower shall have acquired a site in the United States (the "*Kx Facility Site*") on which the manufacturing and assembly facility for the Fisker Kx vehicle will be located together with all necessary easements and other real property interests related thereto;

(b) Environmental Review. Delivery of Phase I environmental site assessment prepared in accordance with ASTM standards (and delivery of a Phase II environmental site assessment prepared in accordance with ASTM standards if required by DOE) and associated reliance letters requested by DOE and satisfaction of any additional environmental requirements then required for the Kx Facility and Kx Facility Site (including required mitigations and completion of the National Environmental Policy Act of 1969 ("*NEPA*") process and any applicable state environmental review process);

(c) Permits. All environmental, regulatory, construction and other permits and approvals then required for the Kx Facility Site and its use in the manufacturing and assembly of the Kx vehicle shall be in place and not be subject to waiting periods or appeal;

(d) Kx Project Intellectual Property. The Borrower owns or has licensed all intellectual property rights necessary for the Kx Project;

(e) Mortgage. The Borrower shall have executed and delivered a mortgage or deed of trust in favor of DOE for the Kx Facility Site and all related real property interests, together with a fixture filing, and delivered to DOE an ALTA survey of such real property, evidence of zoning and legal compliance, a structural engineer's report (if applicable), and ALTA mortgagee's policy with applicable endorsements and any other customary deliveries, all of the foregoing in form and substance satisfactory to DOE;

(f) Receipt of Corporate Approvals; Company Certificates. Delivery, in form and substance satisfactory to DOE of *(i)* certificates and documents evidencing the Borrower's and Holding's receipt of all board, stockholder and other corporate approvals to acquire the Facility Site, enter into any Project Documents related thereto and any Security Documents required by this Section 21, and *(ii)* a secretary's certificate of the Borrower and Holding to which resolutions and good standing certificates are attached;

(g) Legal Opinions and Similar Documents. Delivery of such legal opinions as are usual and customary in real estate and mortgage acquisitions, as well as any additional legal opinions, bring-down certificates, reliance letters and similar documents as DOE may request;

(h) Appraisal. Delivery of an appraisal of the Kx Facility Site which is consistent with the "Uniform Standards of Professional Appraisal Practice," promulgated by the Appraisal Standards Board of the Appraisal Foundation, and performed by licensed or certified appraisers approved by DOE; and

(i) Other Conditions. Such other conditions as DOE may deem appropriate.

24. *Conditions Precedent to Each Advance Date*

Each Advance of the Loans, including the initial Advance, is subject to the satisfaction as of the date of such Advance (the "*Advance Date*") of the following conditions precedent, which must be to the satisfaction of DOE:

(a) Advance Request and Invoices. Receipt, no later than ten business days prior to such Advance Date, of an advance request, substantially in the form attached as Exhibit E, from the Borrower, in sufficient detail and including wire transfer instructions and copies of invoices, together with Borrower certification as to the satisfaction of all conditions precedent to such Advance, together with an updated Budget;

(b) Representations and Warranties. All representations and warranties shall be true and correct in all material respects, *provided* that any representation and warranty relating solely to an earlier date shall be true and correct in all material respects as of such date;

(c) No Default. No default or event of default shall have occurred and be continuing, before and after giving effect to the subject Advance;

(d) No Material Adverse Change. No event shall have occurred or could reasonably be expected to occur with respect to either Project, Fisker or any of its subsidiaries or the Collateral that could reasonably be expected to have a material adverse effect on either Project, Fisker or any of its subsidiaries, taken together as a whole, or the value of the Collateral, or the enforceability of any Transaction Documents (a "*Material Adverse Effect*");

(e) Availability of Funds. *(i)* the Committed Equity Condition has been met as of such Advance Date and *(ii)* the Borrower has satisfied the requirements of Section 10 of this Term Sheet with respect to the related Advance;

(f) Prior Advances. The most recent Agreed-Upon Procedures Report (as defined in Section 27(r)) demonstrates that all Advances made during the immediately preceding calendar quarter under each Loan (or, if no Advances under a given Loan were made during the immediately preceding calendar quarter, the most recently preceding calendar quarter in respect of which Advances were made under such Loan) have been applied to reimburse the Borrower for Eligible Karma Project Costs or Eligible Kx Project Costs, as the case may be;

(g) Aggregate Advances. The aggregate principal amount of *(i)* all outstanding Karma Loan Advances, after giving effect to such Advance, will not exceed the Maximum Karma Loan Amount and *(ii)* all outstanding Kx Loan Advances, after giving effect to such Advance, will not exceed the Maximum Kx Loan Amount;

(h) Applicant Project Payments and Cost Overruns. *(i)* The Borrower has paid with Applicant Karma Project Payments or Applicant Kx Project Payments the amount of Eligible Project Costs or Historical Costs required to have been paid by Section 6 as of such Advance Date; *(ii)* immediately following such Advance Date, *(A)* the aggregate amount of Applicant Karma Project Payments made by the Borrower (with funds other than proceeds of the Karma Loan or other indebtedness) and applied to Eligible Karma Engineering Costs or related Historical Costs shall equal or exceed 20% of the aggregate Eligible Karma Engineering Costs incurred and paid by the Borrower as of such Advance Date, and *(B)* the aggregate amount of Applicant Kx Project Payments made by the Borrower (with funds other than the proceeds of the Kx Loan or other indebtedness) and applied to Eligible Kx Facility Costs or related Historical Costs shall equal or exceed 20% of the aggregate Eligible Kx Facility Costs incurred and paid by the Borrower as of such Advance Date; and *(iii)* the Borrower has paid any Cost Overruns required to have been paid as of such Advance Date;

(i) Advance Proceeds. The proceeds of all Advances to be made will be used to reimburse the Borrower for Eligible Karma Project Costs or Eligible Kx Project Costs, as the case may be, that have been paid by the Borrower on or before the dates of the applicable advance requests and not reimbursed with the proceeds of prior Advances under the relevant Loan;

(j) Milestones. All Milestones contemplated to be achieved as of such Advance Date have been substantially completed and Fisker shall have delivered a certificate to DOE to the foregoing effect;

(k) No Litigation. No material legal or arbitral proceedings are pending or threatened against the Borrower or Holding that have not otherwise been disclosed to and waived by DOE;

(l) No Illegality. No applicable law or regulation, in the judgment of DOE, that restrains, prevents or imposes materially adverse conditions upon the transactions contemplated hereby;

(m) Lien Waivers. (*i*) Any unpaid balances or unsettled claims with contractors or suppliers that could become liens on the Collateral have been paid or are being contested or negotiated in good faith to the satisfaction of DOE, and *(ii)* all mechanics liens or other liens of such contractors or suppliers have been released to the satisfaction of DOE;

(n) Other. Delivery of such bring-down certificates and similar documents as DOE may request;

(o) Governmental Requirements. Satisfaction of *(i)* all requirements and approvals pursuant to the Program Requirements, and *(ii)* all other statutory, regulatory, or other governmental requirements of general applicability to Section 136 applicants;

(p) Governmental Approvals. Copies of all material governmental approvals, permits (including building permits or notices of commencement) or consents not previously delivered but required for construction, operation or maintenance of the Projects and such other governmental approvals, permits or consents as DOE may request or as may be required under the Transaction Documents;

(q) Perfection of Security Interests. Determination by DOE that all actions necessary or, in the opinion of DOE, desirable to create and maintain the United States', including DOE's and FFB's, perfected interests in the Collateral (including after-acquired Collateral) have been taken;

(r) Davis-Bacon Act. Certification by the Borrower of compliance with the obligation to pay prevailing wages to all laborers and mechanics employed by contractors or subcontractors during construction, alteration or repair of assets that are financed through the ATVM Program;

(s) No Change to Project Completion Outside Date. Certification by Fisker that the completion of each Project is reasonably expected to occur on or before the relevant Milestone Completion Date specified therefor in the Business Plan approved by DOE on the Financial Closing Date; and

(t) Additional Documents. Such other documents, opinions, certifications or consents relating to the Projects or the matters contemplated by the Transaction Documents as DOE may request.

Representations, Covenants and Defaults

25. *Representations and Warranties*

The Loan Documents will contain such representations and warranties regarding the Borrower and Holding as are usual and customary for financings of this kind or are otherwise deemed appropriate by DOE for this transaction in particular (with qualifications and scheduled exceptions to be agreed), including:

(a) due organization and valid existence;

(b) good standing and qualification to do business;

(c) power and authority (including all authority necessary for development, completion of construction and operation of the Projects);

(d) capitalization, ownership and organization;

(e) solvency;

(f) status of Borrower as an Eligible Applicant, as described in the Applicable Regulations;

(g) status of the Karma Engineering Works and the Kx Facility as Eligible Projects, as defined in the Applicable Regulations;

(h) enforceability of Transaction Documents;

(i) no conflicts;

(j) no consents or approvals required to consummate transactions;

(k) no material agreements (except as disclosed);

(l) no litigation (except as scheduled in the Information Certificate);

(m) existing indebtedness;

(n) no judgments or orders (except as scheduled in the Information Certificate);

(o) no defaults;

(p) compliance with law and Program Requirements;

(q) Investment Company Act and other regulatory matters;

(r) no margin stock; proceeds of the Loans shall not be used to purchase margin stock in violation of applicable law;

(s) no corrupt or prohibited practices;

(t) financial statements, disclosure and projections, Business Plan and Information Certificate;

(u) title to properties;

(v) no liens, except for customary ordinary course permitted liens not securing indebtedness (other than certain limited ordinary course permitted indebtedness to be agreed);

(w) operation of business consistent with Business Plan;

(x) Borrower ownership and sufficiency of assets and necessary assignments with respect to each Project;

(y) availability and adequacy of utility and technology rights and other services for the Projects;

(z) rights to intellectual property;

(aa) perfection and priority of security interests;

(bb) location of books and records;

(cc) taxes;

(dd) necessary creditor (and other third party) consents and government permits and approvals;

(ee) environmental and safety matters;

(ff) labor matters and employment agreements;

(gg) ERISA matters;

(hh) accuracy of representations and warranties in other Project Documents;

(ii) location of chief executive office and chief operating office;

(jj) identification of top five members of senior management team and their incentive arrangements as of the Financial Closing Date (which shall be satisfactory to DOE);

(kk) USA Patriot Act;

(ll) no embargoed person;

(mm) no fraudulent conveyance;

(nn) insurance;

(oo) Holding's status as special purpose holding company with no other assets (other than the equity in the Borrower) and no liabilities;

(pp) no restricted payment has been made since a date to be agreed upon by the parties; and

(qq) no event having a Material Adverse Effect.

26. *Financial Covenants*

The Loan Documents will contain provisions regarding compliance with the financial covenants described on Schedule 1 (the "*Financial Covenants*").

27. *Affirmative Covenants*

In addition to the other covenants described herein, the Loan Documents will contain such affirmative covenants as are usual and customary for financings of this kind or as are otherwise deemed appropriate by DOE for this transaction in particular (with qualifications and exceptions to be agreed) from the Borrower and Holding, including regarding:

(a) use of proceeds;

(b) maintenance of existence;

(c) conduct of each Project substantially in accordance with the Business Plan;

(d) commercially reasonable best efforts to develop and implement each Project substantially in accordance with the Business Plan;

(e) operation and maintenance of each Project;

(f) maintenance of security interests;

(g) performance of Transaction Documents and material agreements by the Borrower and Holding;

(h) provision by each of Holding and Fisker of financial statements and financial reporting and customary compliance certificates, including demonstration that Fisker has satisfied the Financial Covenants;

(i) provision of a description of any material changes to any existing, and copies of any new, Project Document;

(j) provision of a description of any material claims brought against Holding, the Borrower or any of the Borrower's subsidiaries or any labor disputes;

(k) provision of updated construction budgets and construction progress reports with respect to the Kx Facility;

(l) provision of monthly reports describing any changes in the Budget line items for each Project which are not otherwise subject to DOE approval as described in Section 4(b);

(m) provision of periodic operating budgets and reports (including as to unit sales);

(n) provision of periodic reports (not more frequently than monthly) describing recent purchase orders and any deviations from Borrower's DOE approved form of purchase order terms and conditions in such purchase orders (whether or not such deviations are otherwise subject to DOE approval as described in Section 19);

(o) provision of default notices and other material events and information, including *(i)* material transactions, *(ii)* ratings changes, if applicable, *(iii)* receipt of material insurance proceeds with respect to the Collateral or other assets, *(iv)* events having or reasonably likely to have a Material Adverse Effect, *(v)* change of control, *(vi)* judgment notices, *(vii)* non-ordinary course notices given or received under the Project Documents, and *(viii)* changes in accounting policies;

(p) provision of updated Business Plans at regular intervals to be agreed in the Loan Documents reflecting certain financial covenants/performance metrics and the other information required pursuant to Section 4;

(q) subject to reasonable measures implemented to ensure confidentiality of information provided, consistent with FOIA, the Program Requirements and other applicable law, cooperation with DOE requests for continuing due diligence reviews with respect to Holding, the Borrower and the Borrower's subsidiaries, the Collateral and any aspect relating to the Projects, including DOE requests for reports on the technical and financial performance of the Projects;

(r) provision within 45 calendar days following the Financial Closing Date and quarterly thereafter within 45 calendar days, of an Agreed-Upon Procedures Report satisfactory to DOE (the "*Agreed-Upon Procedures Report*") by the Borrower's independent certified public accounting firm (the "*Independent Auditor*") certifying that the proceeds of each Advance made during such calendar quarter with respect to a Project were used, in each case, to reimburse the Borrower for Eligible Project Costs related to such Project that were incurred and paid by the Borrower on or before the date of the applicable advance request in accordance with the Business Plan, the Loan Documents and the Applicable Regulations;

(s) maintenance of and compliance with permits, licenses, approvals and consents in connection with each Project;

(t) compliance with laws and Program Requirements;

(u) compliance with Office of Foreign Assets Control rules and regulations;

(v) environmental and safety matters, including with respect to compliance with NEPA and applicable state environmental laws and delivery of any environmental audits and assessments;

(w) maintenance of operations in a manner which will not require registration under the Investment Company Act;

(x) maintenance of Required Insurance and application of proceeds thereof;

(y) payment of taxes, etc.;

(z) maintenance of adequate accounting, management information and cost control systems;

(aa) maintenance of BDO Seidman or other independent auditors acceptable to DOE;

(bb) maintenance of books and records and allowing inspection thereof and of all other property of Fisker and its subsidiaries (and allowing DOE and its representatives to discuss their affairs, finances and accounts with their officers and auditors),

including *(i)* such records as are necessary to facilitate an effective and accurate audit and performance evaluation of each Project as required by the Program Requirements and *(ii)* provision to FFB, DOE and U.S. Government Accountability Office and its representatives and advisors of access to the premises of the Borrower and its subsidiaries and to the production and assembly facilities related to each Project at all reasonable times in order to monitor the progress of the Projects;

(cc) maintenance of properties and title thereto;

(dd) maintenance of intellectual property, including know-how and trade secrets, and appropriate documentation and record-keeping in respect thereof;

(ee) compliance with contractual obligations;

(ff) compliance with debarment regulations;

(gg) disclosure and management of Cost Overruns;

(hh) upon request of DOE, provision and updated information of the type referred to in 10 CFR 611.101(k);

(ii) return to FFB any investment earnings realized by the Borrower in connection with the Loan proceeds in excess of the accrued interest expense due and payable by the Borrower pursuant to the Loan Documents;[4]

(jj) ongoing obligation to pay prevailing wages to all laborers and mechanics employed by contractors or subcontractors during construction, alteration or repair that is financed through the ATVM Program;

(kk) coordination of public statements by Borrower with DOE/FFB;

(ll) provision of additional information at the request of DOE or FFB;

(mm) remediation of environmental contamination; and

(nn) further assurances.

28. *Negative Covenants*

In addition to the other covenants described herein, the Loan Documents will contain such negative covenants as are usual and customary for financings of this kind or as are otherwise deemed appropriate by DOE for this transaction in particular (with qualifications and exceptions to be agreed), from the Borrower and Holding, including regarding:

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[4] To be conformed to FFB documents.

(a) no material change to either Project or engaging in business activities unrelated to the Projects; provided that until the first Advance of the Kx Loan occurs activities related to the Kx Project may be funded only with proceeds of equity raised in excess of the first $85 million of Minimum Additional Equity;

(b) no act or omission that would cause *(i)* the Karma or the Kx not to be qualifying advanced technology vehicles or *(ii)* the activities of the Borrower not to constitute Eligible Projects (in each case within the meaning of 10 CFR Part 611);

(c) limitation on incurrence of additional debt, capital leases or guarantees (subject to limited exceptions to be agreed including *(i)*, up to $50,000,000 of revolving credit loans may be incurred under a working capital facility to meet expected working capital needs (commencing in 2010 for the Karma Project and 2012 for the Kx Project), *provided* that *(A)* the terms of such facility are satisfactory to DOE, and *(B)* any liens securing the indebtedness under such facility extend only to inventory and receivables and are made subject and subordinate to, or *pari passu* with, the liens securing the DOE loans, and *(C)* the lenders under such facility enter into an intercreditor agreement that is satisfactory to DOE and *(ii)* cash collateralized letters of credit in an amount to be agreed;

(d) limitation on liens (other than the liens securing the working capital facility and letters of credit referred to in Section 28(c), and customary exceptions to be agreed);

(e) prohibition on dividends and distributions, redemption or repurchase of equity (other than ordinary course repurchases of restricted stock from departed employees (subject to limitations to be agreed)), payments on subordinated debt (or any redemption, repurchase or defeasance thereof) and other restricted payments (including any such payments with respect to preferred stock), it being understood that payment of trademark license fees to Fisker Coachbuild will be treated as a restricted payment at any time when there is an uncured default or event of default;

(f) limitation on acquisitions and dispositions of assets or capital expenditures, (including the acquisition of Fisker Coachbuild pursuant to the purchase option contained in the Borrower's Stockholders' Agreement and expenditures not contemplated in a Budget approved by DOE);

(g) no merger, consolidation, or similar action;

(h) limitation on lease transactions;

(i) limitation on investments;

(j) no subsidiaries without DOE's consent;

(k) no changes to charter, organizational documents, or stockholder agreements in a manner that is materially adverse to the DOE's interests as a lender;

(l) limitation on termination, amendment or waiver of any provision of any Project Document;

(m) limitation on issuance of equity other than for the purpose of funding the Projects (including the issuance of any options, warrants, or other rights with respect thereto; it being understood that options issued pursuant to employee stock option plans approved by DOE will be permitted);

(n) limitation on changes to capital structure (including the issuance of any options, warrants, or other rights with respect thereto; it being understood that options issued pursuant to employee stock option plans approved by DOE will be permitted);

(o) limitation on entering into transactions with affiliates, other than pursuant to Transaction Documents on an arm's length basis (any transactions with shareholders or their affiliates (whether pursuant to the existing development agreements or otherwise) must be approved by a majority of disinterested directors);

(p) no speculative or hedging transactions, other than as specifically permitted or required;

(q) limitation on entering into joint venture agreements;

(r) no material modifications of the Business Plan or the Budget without the prior written consent of DOE;

(s) no prepayment, redemption, repurchase or defeasance of other senior debt prior to maturity without the consent of DOE;

(t) limitation on sale and leaseback transactions;

(u) no entering into any agreement that prohibits creation of any lien, other than the Loan Documents;

(v) no use of proceeds of the Loans to pay interest payments on the Loans, administrative or other fees relating to the Loans or any other amounts payable under the Loan Documents;

(w) limitation on activities of Holding to ownership of Fisker and activities related thereto;

(x) no changes in fiscal year;

(y) no changes in accounting principles except as required by GAAP;

(z) with respect to Project Documents, the requirement that they not include, and with respect to any other contracts entered into by Fisker or any of its subsidiaries after

the date hereof the loss of which would be reasonably expected to have a Material Adverse Effect, the requirement that Fisker use commercially reasonable efforts to avoid or limit inclusion in such contracts of, any provisions restricting their assignment as Collateral or causing or giving the counterparty the right to cause such contracts to be terminated or materially impaired as a result, directly or indirectly, of any event of default or exercise of remedies under the Loan Documents.

29. *Events of Default*

The Loan Documents will include such events of default as are usual and customary for financings of this kind or as are 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;

(b) default under any other indebtedness (other than the Loans);

(c) the outstanding principal amount of the Karma Loan exceeds the Maximum Karma Loan Amount or the outstanding principal amount of the Kx Loan exceeds the Maximum Kx Loan Amount;

(d) breach of representations and warranties under any Loan Documents;

(e) breach of covenants under any Loan Documents;

(f) admission by the Borrower or Holding of the inability to, or intention not to, perform material obligations under the Loan Documents;

(g) default by any of Holding, Fisker or Fisker's subsidiaries in the performance of any Project Document;

(h) failure to fund when required or other default with respect to the Applicant Commitments;

(i) loss or impairment of government permits or approvals that could reasonably be expected to have a Material Adverse Effect;

(j) bankruptcy, insolvency, dissolution or other similar events of any of Holding, Fisker or its subsidiaries;

(k) *(i)* judgments against any of Holding, Fisker or Fisker's subsidiaries for the payment of money in excess of an agreed upon amount to the extent not covered by insurance acceptable to DOE and as to which the insurance company has acknowledged coverage, which remains unsatisfied for a period of 30 days and during which period a stay of enforcement shall not be in effect; or *(ii)* non-monetary judgments that could reasonably be expected to have a Material

Adverse Effect and which remain in force for a period of 30 days and during which period a stay of enforcement shall not be in effect;

(l) certain ERISA events;

(m) occurrence of specified *force majeure* events and continuation thereof for 180 days;

(n) condemnation or assumption of custody of all or any substantial part of the property of any of Holding, Fisker or Fisker's subsidiaries by any governmental authority or any governmental authority taking action to displace the management of any of Fisker or its subsidiaries;

(o) lapse or termination of any Required Insurance;

(p) any change of control (to be defined in the Loan Documents) without DOE consent;

(q) certain key personnel (to be agreed) no longer being responsible for the management of Fisker, unless approved by DOE;

(r) failure generally, or admission in writing, of inability to pay debts when such debts become due;

(s) occurrence or reasonable expectation of occurrence of any event with respect to Holding, the Borrower or any of the Borrower's subsidiaries that could reasonably be expected to have a Material Adverse Effect;

(t) impairment of security interests in Collateral;

(u) invalidity, unenforceability or termination of Transaction Documents;

(v) physical destruction or condemnation of real property owned or leased by Valmet, the Borrower or any of its subsidiaries that could reasonably be expected to have a Material Adverse Effect and that has not been repaired with the proceeds of insurance within a specified number of days;

(w) breach by the counterparty thereto of any material obligation under a Project Document to the extent such breach could reasonably be expected to have a Material Adverse Effect;

(x) failure to maintain an amount equal to the Required Debt Service Reserve in the Debt Service Reserve Account;

(y) any of the Loan Documents shall cease to be in full force and effect or Holding or the Borrower so asserts; and

(z) failure to achieve any Milestone (including the Minimum Additional Equity) by the relevant Milestone Completion Date.

30. *Remedies*

Upon the occurrence of an event of default, the Loan Documents will include usual and customary remedies as well as such other rights as may be required under the Program Requirements to allow DOE to dispose of the Collateral or otherwise protect the interests of the United States or the public interest.

Additional Provisions of Loan Documents

31. *Required Insurance*

Fisker will maintain or cause to be maintained in full force and effect at all times the insurance coverages listed and described in the definitive Transaction Documents or otherwise approved by DOE in its reasonable discretion (the "*Required Insurance*"), in each case with financially sound insurers and reinsurers approved by DOE in its reasonable discretion.

Each such casualty policy described above will name the United States of America, including DOE and FFB, as loss payee and each such liability policy described above will name the United States of America as additional insured. Each insurance policy will provide for 30 days' written notice to DOE prior to termination or expiration of any coverage and such other endorsements as DOE may require. So long as principal amount of the Loans is outstanding, Fisker shall *(x)* promptly upon renewal of any insurance policy, deliver, or cause to be delivered, to DOE a certificate of insurance with respect to such policy and *(y)* notify DOE in writing of any change of insurance carrier within 30 days of such change.

32. *Amendments*

No amendment, modification or waiver of any provision of any Loan Document nor consent to any departure by the Borrower or Holding therefrom, shall in any event be effective unless:

(a) Amendments and Waivers. The amendment, modification or waiver shall be in writing and signed by the Borrower, Holding and DOE or FFB, as applicable, and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; and

(b) Federal Credit Reform Act Compliance. DOE performs all accounting and other requirements related to such amendment, modification or waiver arising out of the Federal Credit Reform Act of 1990, as amended (codified at 2 U.S.C. § 661 *et seq.*), including:

(i) analysis of the amendment, modification or waiver to determine whether it increases the costs of the applicable Loan;

(ii) making a determination whether budget authority for the additional cost has been provided in advance in an appropriations Act; and

(iii) paying any such increased costs from the credit program account into the financing account and recording such increased costs in the fiscal year in which the applicable Loan is disbursed or the costs altered.

33. *Indemnification*

The Borrower shall indemnify and hold harmless the United States of America, including DOE and FFB, and each other governmental agency or instrumentality of the United States, their respective designees, agents, and contractors, and all of their respective directors, officers and employees (each, an "*Indemnified Person*") from and against (and will reimburse each Indemnified Person for) any and all losses, claims, damages, liabilities or other expenses (including the reasonable fees, disbursements and other charges of counsel, but not including the expenses incurred by DOE in connection with the preparation, negotiation, execution and delivery of this Conditional Commitment Letter, Term Sheet and any Transaction Documents), as the same are incurred, to which such Indemnified Person may become subject arising out of or relating to *(i)* the execution or delivery of this Conditional Commitment Letter, Term Sheet, any Transaction Document or any agreement or instrument contemplated hereby or thereby, or the performance by the parties hereto or thereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, *(ii)* the enforcement or preservation of any rights under this Conditional Commitment Letter, the Term Sheet, any Transaction Document or any agreement or instrument prepared in connection herewith or therewith, *(iii)* the Loans or the use or proposed use of the proceeds thereof, *(iv)* any actual or alleged presence or release of any substance of any kind defined as hazardous or toxic under the environmental laws of the United States, any foreign government or international organization, or of any state, local, municipal or other governmental authority, on or from any property owned, occupied or operated by the Applicant or any of its affiliates, or any environmental liability related in any way to the Applicant or any of its affiliates or any of its properties, or *(v)* any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by any third party or by the Applicant or any of its affiliates or otherwise, and regardless of whether any Indemnified Person is a party thereto, *provided* that such indemnity shall not apply to the extent the loss, claim, damage, liability or other expense results from the gross negligence or willful misconduct of the Indemnified Person, in each case as determined by a court of competent jurisdiction in a final, non-appealable order. This indemnity obligation shall survive the execution of the Loan Documents and the expiration or other termination of the Loans.

34. *Governing Law*

All Loan Documents and Security Documents will be governed by the federal laws of the United States of America and not the law of the several states.

35. *Interpretation and Rules of Construction*

For purposes of this Conditional Commitment Letter and Term Sheet, the following rules of interpretation and construction shall apply:

(a) Except where expressly provided otherwise, whenever any matter is required to be satisfactory to, or determined or approved by, DOE, or DOE is required or permitted to exercise any discretion (including any discretion to waive, select, require, deem appropriate, deem necessary, permit, determine or approve any matter), the satisfaction, determination or approval of DOE, or the exercise by DOE of such discretion, shall be in its sole and absolute discretion.

(b) The words "including", "includes" and "include" shall be deemed to be followed in each instance by the words "without limitation".

(c) The word "or" shall be non-exclusive and shall be construed to include the word "and".

Schedule 1

Financial Covenants

Financial Covenants will be based on Holding's consolidated financial statements prepared in accordance with US GAAP and consistent with historically applied accounting policies and practices.[5]

(a) For purposes of the Financial Covenants, terms are defined as follows:

(i) "EBITDA" is defined as consolidated net income plus to the extent reducing consolidated net income, the sum, without duplication, of amounts for: (A) consolidated interest expense, (B) provisions for federal, state, local and foreign income taxes (including franchise and similar taxes) and for foreign withholding taxes payable, (C) total depreciation expense, (D) total amortization expense, (E) other non-cash charges reducing consolidated net income including with respect to stock based compensation, warranty, inventory reserves, (F) any net after-tax non-cash loss from the early extinguishment of indebtedness or hedging obligations or derivative instruments, (G) losses from non-ordinary course asset sales, (H) non-operating losses, (I) mark-to-market losses recognized pursuant to Financial Accounting Standards Board Statement No. 133 or any successor thereof, and (J) intangible write downs; and minus, to the extent increasing consolidated net income, the sum, without duplication, of amounts for: (A) federal, state, local and foreign income tax credits, (B) non-cash gains increasing consolidated net income, (C) any net after-tax income from the early extinguishment of Indebtedness or hedging obligations or other derivative instruments, (D) gains from non-ordinary course asset sales, (E) non-operating income, (F) mark-to-market gains recognized pursuant to Financial Accounting Standards Board Statement No. 133 or any successor thereof, and (G) intangible gains.

(ii) "Total Debt" means, as of any date, an amount determined for Fisker on a consolidated basis equal to borrowed money debt and lease obligations.

(iii) "Fixed Charge Coverage Ratio" is defined as the ratio of EBITDA to consolidated interest expense, required loan principal amortization, lease expenses and capital expenditures for such four fiscal quarter period.

(iv) "Net Worth" is defined as total assets minus total liabilities, after the reduction of the value of any intangible assets, at the end of each fiscal year.

(b) The following Financial Covenants will be measured:

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[5] For the avoidance of doubt, the financial statements shall be prepared and the Financial Covenants shall be calculated without giving effect to any election under Statement of Financial Accounting Standards 159 (or any similar accounting principle) permitting a person to value its financial liabilities at the fair value thereof.

(i) Holding's Total Debt to EBITDA ratio, commencing with the fiscal quarter ending December 31, 2012, shall not at any time exceed 3 to 1 and, will be tested quarterly at the end of each fiscal quarter based on trailing four quarter financial results.

(ii) Holding's Fixed Charge Coverage Ratio shall exceed 2 to 1 at the end of each measurement period ending on or after December 31, 2012. Holding's Fixed Charge Coverage Ratio will be tested quarterly based on trailing twelve month financial results.

(iii) Holding's Net Worth at the end of each fiscal year shall equal or exceed the following levels:

Fiscal Year Ending	Minimum Tangible Net Worth
12/31/2012	$50 million
12/31/2013	$150 million
12/31 of each year thereafter	$250 million

(iv) Holding's minimum EBITDA commencing with the fiscal year ending December 31, 2011 shall not be less than the levels set forth in the schedule below for the applicable fiscal year:

Fiscal Year Ending	Minimum EBITDA
12/31/2011	$25 million
12/31/2012	$100 million
12/31 of each year thereafter	$200 million

Schedule 2

Minimum Additional Equity Milestones

Amounts[6]	Milestone Completion Dates
$35 million	Delivery of Conditional Commitment Letter by DOE
$122.8 million	Financial Closing Date
$27.2 million	February 15, 2010
$50 million	October 31, 2010

[6] May include equity bridge loans made after May 1, 2009 which have been converted to equity prior to the Financial Closing Date. To qualify as Minimum Additional Equity the terms of the transaction must be satisfactory to DOE and the proceeds must have been received by Borrower in the form of unrestricted cash.