

# **Tesla Partners with Toyota, Will Build Electric Vehicles at NUMMI Plant in California**

JAKE HOLMES PUBLISHED: MAY 21, 2010

Tesla Motors has partnered with Toyota and will begin building electric vehicles in the latter's NUMMI factory in Fremont, California. The 5.3-million square-foot NUMMI facility stopped producing vehicles for Toyota and plant partner General Motors in April. Tesla plans to build the Model S electric car at the plant starting in 2012, as well as other potential future models, should the brand thrive enough to build them.

The NUMMI factory has an annual production capacity of about half a million vehicles, and used to build the Toyota Corolla and Tacoma, Pontiac Vibe, and others. (Of course, Tesla will utilize but a tiny fraction of that capacity.) NUMMI is located close to Tesla's headquarters in Palo Alto, which the company says "ensures a tight feedback loop" between design and manufacturing.

As for the partnership between the two companies, a press statement said that Toyota and Tesla will "cooperate on the development of electric vehicles, parts, and production system and engineering support." The Japanese automaker will buy \$50 million worth of Tesla stock—a drop in the bucket for a company like Toyota, but much-needed funds for an automotive pipsqueak like Tesla, which has struggled with funding in the past. At some point in the future, the two will collaborate on an electric vehicle.

Why would a behemoth international automaker like the typically conservative Toyota—the progenitor of the mass-production hybrid—partner with upstart Tesla? Toyota President Akio Toyoda said his company can learn from Tesla's "quick decision-making and flexibility," citing it as one of the main motivations behind the partnership. Tesla reportedly also reminds Toyoda of Toyota's early years.

"I think he [Toyoda] really likes the spirit of Tesla and that it's a young and flexible company," said Tesla spokeswoman Khobi Brooklyn.

Meanwhile, Tesla believes it can learn a lot about vehicle production from Toyota; Tesla CEO Elon Musk has long admired the Japanese company. The partnership gives Tesla an injection of capital and a production facility. And working with Toyota, the company

that champions efficient mass production, may help Tesla someday achieve its goal of making electric cars affordable to mainstream buyers. (Its only current offering, the Tesla Roadster, costs over \$100,000.)

More than 5000 workers, most of whom were UAW, were laid off when Toyota ended production at NUMMI earlier this year. Tesla wouldn't say whether any of them will be rehired, but such a move certainly would help counter the avalanche of negative press in the wake of the plant's closure.