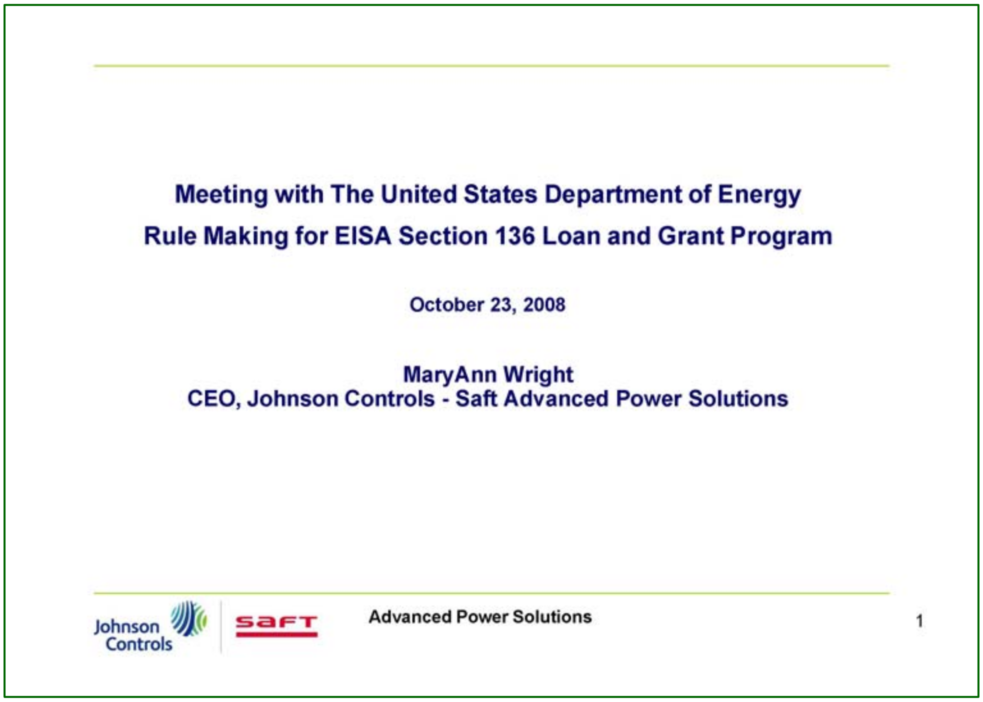
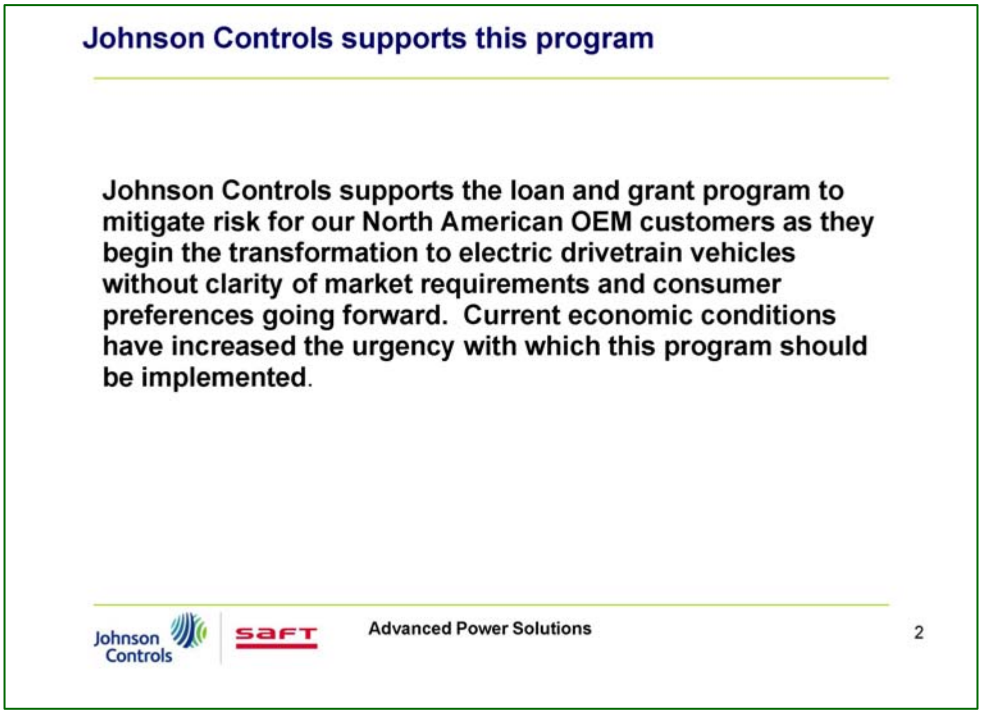

Meeting with The United States Department of Energy
Rule Making for EISA Section 136 Loan and Grant Program
October 23, 2008
MaryAnn Wright
CEO, Johnson Controls - Saft Advanced Power Solutions
Advanced Power Solutions
1


Johnson Controls supports this program
Johnson Controls supports the loan and grant program to mitigate risk for our North American OEM customers as they begin the transformation to electric drivetrain vehicles without clarity of market requirements and consumer preferences going forward. Current economic conditions have increased the urgency with which this program should be implemented.
Advanced Power Solutions
2

Recommended eligibility requirements

1. **To ensure a favorable risk/benefits outlook for the U.S. taxpayer, loan recipients must source major components and systems from the United States.**
   - i. For loans, the qualifying percentage should be scaled upwards and capped at 80% to favor companies producing in the U.S., headquartered in the U.S., and committed to supply base and infrastructure development in the U.S.
   - ii. For grants, the 30% upper limit is appropriate and should be scaled as well to favor U.S. companies.
   - iii. Please refer to the Appendix slide #8 for a list of qualifying materials and components and recommended qualification scale.

Johnson Controls | SAFT | Advanced Power Solutions | 3

Engineering costs deserve broader coverage

2. **Design-for-application and design-for-manufacturing engineering costs are a higher value-add than engineering integration costs. Both should be eligible for inclusion in this program.**

Johnson Controls | SAFT | Advanced Power Solutions | 4

Manufacturing equipment is part of the solution

3. The program should be expanded to include companies producing manufacturing equipment for advanced battery and other electrified powertrain components

Johnson Controls | SAFT | Advanced Power Solutions 5

According to Green Car Congress – September 29, 2008

Senator Bingaman Says Auto Loan Program Not to Be Limited to 30% of Facility Cost

29 September 2008

The $25-billion loan program for automakers and suppliers to retool older facilities, passed by the Senate on Saturday and heading to President Bush for signature, does not intended to cap loans to 30% of the cost of a facility as reported here earlier (earlier post), according to Senator Jeff Bingaman (D-NM), Chairman of the Energy & Natural Resources Committee.

Loans will be uncapped and can go up to 100% but are typically limited by regulation to 80% of total costs, according to Michael Carr, Counsel for the Committee.

Johnson Controls | SAFT | Advanced Power Solutions 6

From September 29, 2008 Green Car Congress Website

Finally, I have been told there may be some confusion about the terms of the loans as the provision creating the loan program references the "activities" that are the subject of a grant program also authorized in the same section of EISA. The grant program is limited to 30 percent of the costs of a facility. This is a fairly typical cost share for grant programs. Some have raised a question as to whether this 30 percent cap should also apply to the loan program. That is not the way I read the language of the law and was certainly not our intent in writing the provision.

Moreover, I would argue that it would dramatically limit the effectiveness of the program as it would require companies to go to tight credit markets for 70 percent of their financing, precisely the problem we were seeking to remedy with the creation of the loan program. While I don't expect the Department of Energy to take this limited view of the program, I wanted to go on record here to help alleviate any confusion that may exist. I look forward to working with the Department to aid them in getting this program up and running.

—Senator Jeff Bingaman

Johnson Controls | SAFT | **Advanced Power Solutions** 7

Recommended qualifying components and scaled eligibility %

Appendix: Qualifying Materials and Components

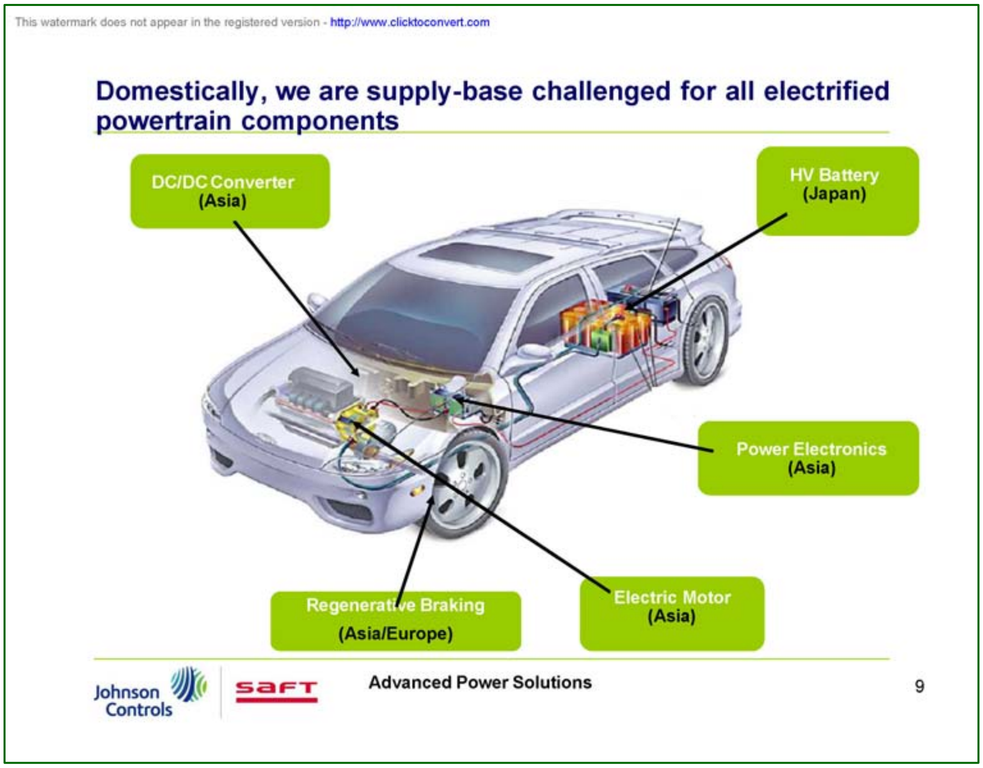
Key Component or Subsystem

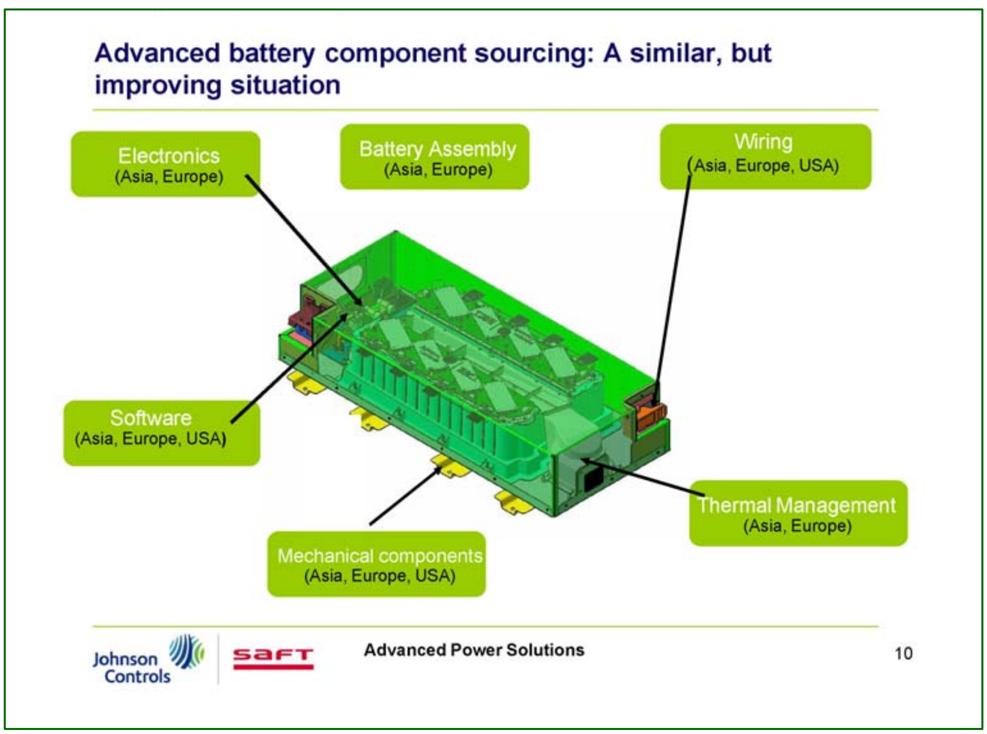
1. Electrochemical cells
2. Thermal management subsystems
3. Electric traction motors
4. Electric power train controllers and electronics
5. Battery system controllers
6. Regenerative braking subsystems

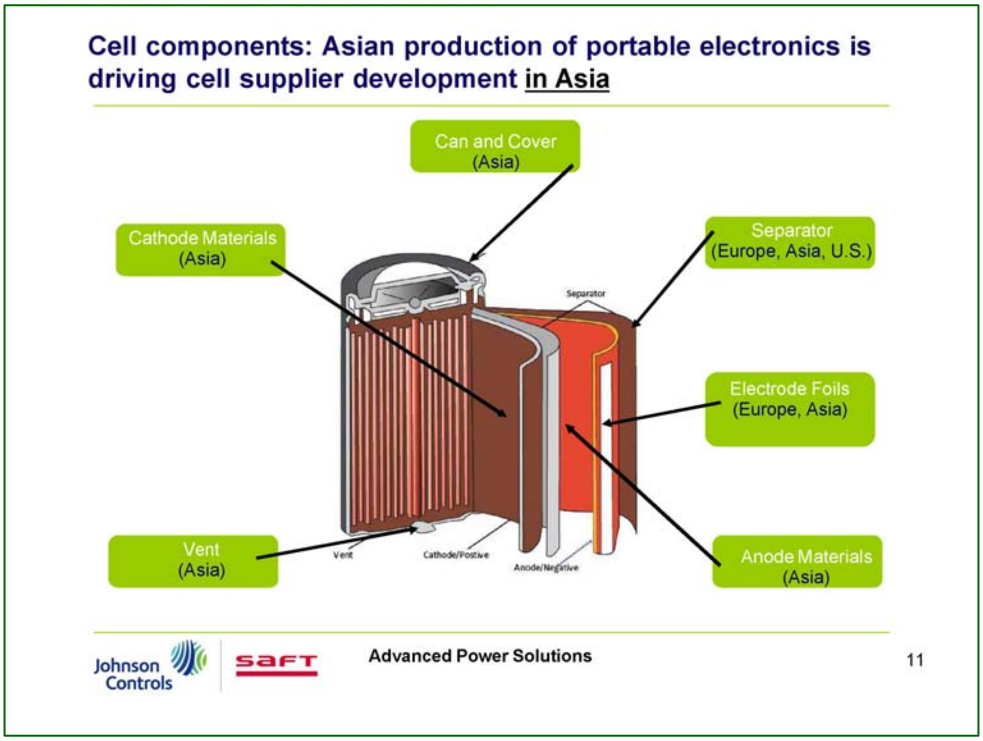
Suggested Scale for Determining Loan/Grant %

Level of U.S. Content	Loan	Grant
1. Final assembly in U.S	30%	10%
2. Final assembly and >50% BOM value U.S sourced	45%	15%
3. Final assembly and >80% BOM value U.S. sourced	60%	20%
4. #3 and U.S. headquartered	80%	30%

Johnson Controls | SAFT | **Advanced Power Solutions** 8


This watermark does not appear in the registered version - http://www.clicktoconvert.com
Domestically, we are supply-base challenged for all electrified powertrain components
DC/DC Converter (Asia)
HV Battery (Japan)
Power Electronics (Asia)
Regenerative Braking (Asia/Europe)
Electric Motor (Asia)
Johnson Controls
saft
Advanced Power Solutions
9


Advanced battery component sourcing: A similar, but improving situation
Electronics (Asia, Europe)
Battery Assembly (Asia, Europe)
Wiring (Asia, Europe, USA)
Software (Asia, Europe, USA)
Thermal Management (Asia, Europe)
Mechanical components (Asia, Europe, USA)
Johnson Controls
saft
Advanced Power Solutions
10


Cell components: Asian production of portable electronics is driving cell supplier development in Asia
Can and Cover (Asia)
Cathode Materials (Asia)
Separator (Europe, Asia, U.S.)
Separator
Electrode Foils (Europe, Asia)
Vent (Asia)
Vent
Cathode/Positive
Anode/Negative
Anode Materials (Asia)
Advanced Power Solutions
11