



14 July 2009

Ms. Jackie Deibel
City of Roswell
Community Development Department
38 Hill Street, Suite G-30
Roswell, GA 30075

Re: Letter of Intent

Dear Ms. Deibel,

This letter declares GS Yuasa's intent to pursue the approvals necessary to locate a Lithium-Ion Battery assembly and manufacturing facility in the Northmeadow Office Park in Roswell, Georgia. Activities at this location would include the design, development, assembly, and test of Lithium-Ion Battery Systems and Battery Management Electronics to address the requirements of aerospace, military, and industrial customers.

GS Yuasa Lithium Power, hereinafter referred to as GYLP, and GS Battery, hereinafter referred to as GSB, are both wholly owned, U.S. incorporated subsidiaries of GS Yuasa Corporation. GYLP and GSB jointly propose to occupy a total of approximately 40,000sf of existing space in building(s) in Northmeadow Office Park.

GSB operations will consist of sales and customer service functions only. They will not engage in any manufacturing/assembly or distribution at this proposed location. GSB does plan to install a photovoltaic (solar cell) energy conversion demonstrator system at this location, as this represents one of their new green energy product lines.

GYLP is engaged in the business of providing high-reliability, high performance Li-ion Cells and Battery Systems for aerospace, military, industrial, automotive, and mass transit applications. Our customers include NASA, the US Army, satellite and launch vehicle manufacturers, aircraft companies, heavy off-road vehicle manufacturers, automotive companies, light rail manufacturers, electric utility companies, and industrial material handling equipment manufacturers. Our focus is on providing complete power solutions, with emphasis on renewable energy and energy saving applications.

GYLP's objectives for the proposed facility are twofold. Our immediate objective is to develop battery assembly capability for spacecraft and commercial aviation customers. These batteries would be assembled from Li-ion cells sourced from Japan and electronics and enclosures sourced either locally or from development partners in the U.S. and, possibly, global outsource manufacturers. Battery assembly would take place in tightly controlled environments approaching clean-room standards. Any residual indirect process materials, such as cleaning solvents and lubricants, would be captured and



reclaimed by a licensed recycler. Jobs created would be high-tech skilled positions, with the actual number of new jobs in the 15-30 range, dependent on program requirements. Total production quantities for these near-term opportunities would be in the range of 500-1000 batteries per year. We would expect to expand our assembly capability to address other customers' technology requirements, but would not anticipate significant expansion in production rates within the confines of the proposed space.

Our second, longer term objective is to build a small prototype Li-ion cell manufacturing line at the proposed location. A representative 10MWh/year facility would require approximately 90 employees, and an investment of approximately \$18.5M. The 1MWh/year to 5MWh/year facility we are presently proposing will require less than 50 employees, in highly skilled and semi-skilled technical positions, and a somewhat lower capital investment. Manufacturing would take place in certified clean-room and clean-dry-room conditions. Manufacturing process steps would include the following: automated coating of aluminum and copper foil with powdered materials mixed with a polymer binder; automated cutting and winding of electrodes; insulating and preparing the electrode assembly for insertion into the cell housing; filling the housing with electrolyte (not a strong acid-based electrolyte, as with lead-acid batteries); and welding and charging the cell. As with the battery assembly processes, any residual indirect process materials would be captured and reclaimed by a licensed recycler. Anticipated cell production rates will be low, as these prototype cells would be targeted to address specific customer requirements.

We believe that our proposed facility will be an asset to the community, as it represents clean manufacturing and the creation of stable, highly skilled jobs. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Deakin".

Thomas Deakin
Director of Engineering
GS Yuasa Lithium Power

A handwritten signature in black ink, appearing to read "Jay Northey".
Jay Northey
General Manager
GS Battery



Addendum – Company Overview and Experience

Company Overview

GS Yuasa is a US\$3.0 Billion (FY2007) Battery Manufacturer located in Kyoto, Japan. The company is the third largest battery manufacturer in the world, primarily producing lead acid batteries for automotive, telecom, and industrial applications. In addition, GS Yuasa also manufactures a variety of specialty battery technologies, including four Lithium-Ion chemistries, Nickel-Metal Hydride, Thermal batteries, Silver Zinc, and others.

Li-Ion Cell and Battery Experience

GS Yuasa began manufacturing Li-ion cells for commercial markets in the early 1990's. In 1996, GS Yuasa began to design, test and build larger capacity cells. Our Li-ion technology has been successfully incorporated into a number of high-reliability applications for the Japanese and global markets. In April 2006, GS Yuasa created GYLP to provide local manufacturing and support for large-cell Li-ion applications in the United States. GYLP is planning to grow our battery assembly and system integration capability, and will consider cell production in the future. Our primary objective is to build long lasting, mutually beneficial relationships within the Space, Aviation, Military, HEV/EV, Industrial, Mass Transit, and Undersea battery markets.

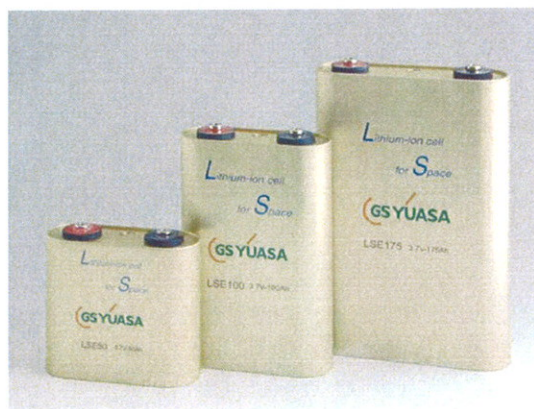
GS Yuasa currently manufactures the following basic types of Li-ion chemistries:

- Lithium Cobalt Oxide
- Lithium Manganese Spinel
- Lithium Mixed Metal (Cobalt / Nickel / Manganese)
- Lithium Iron Phosphate

GS Yuasa produces cells with engineered variations of these four basic chemistries designed to provide products suitable for each market segment's requirements.

Aerospace

GS Yuasa is a world leader in Lithium Ion cells for satellite and launch vehicle applications. Currently over 10 satellite programs have chosen GS Yuasa LSE cells to power spacecraft for long duration (5-15 year) missions that require the highest reliability. GYLP provides cells and engineering support to the U.S. customers deploying this technology. Due to the unique environments and requirements of space applications, GYLP partners with experienced battery assembly companies to provide an engineered battery level solution to meet the rigors of satellite launch and operations.





Aviation

In the emerging market of lithium ion batteries for aviation, GS Yuasa is at the forefront of the technology. We manufacture the entire battery system – cells, battery management electronics, and enclosure and provide a system level product.

- Auxiliary Power Unit Starting
- Emergency Power Backup

Programs include:

- Boeing 787 Dreamliner
- Boeing 737 Next Generation (currently in development)

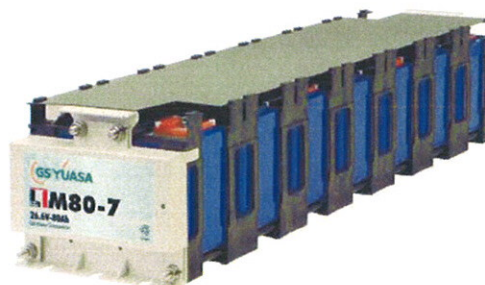
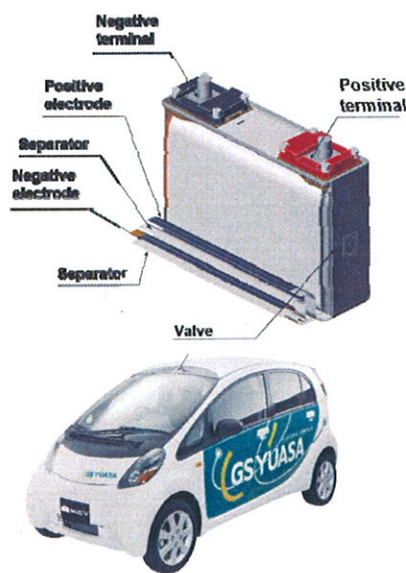


Electric Vehicle/HEV

GS Yuasa has participated in several EV and HEV programs over the years, providing the entire battery system (Cells, packaging, thermal management, and protection electronics). The EV/HEV cells utilize a wound element construction packaged into a prismatic stainless steel container. By varying several cell design parameters we can tailor the cell's performance for power (HEV), energy storage (EV), or some combination of both.

Some of the EV/HEV programs developed by GS Yuasa include:

- Mitsubishi iMiEV LEV50
- Contract and Agreement with the US Army's Tank & Automotive Research & Development Center (TARDEC) for cell and battery module evaluation.





Industrial

Our standard products include lines of 3, 4, 7, and 8 cell modules for industrial/AGV and EV/HEV applications. New modules being released have updated BMU electronics and cell configurations.

- GYLP recently delivered prototype battery systems to GE Research for laboratory testing in large HEV applications



Eight Cell Industrial Module

GYLP

GS Yuasa Lithium Power currently designs and builds prototype battery assemblies in a laboratory environment. Our staff includes Electrical, Mechanical, and Chemical Engineers and technicians with significant experience, not only in battery development and manufacturing, but also in the aerospace industry.

As a start-up division, GYLP plans to develop low rate production and test capability for integrated battery systems, battery modules, and electronics for batteries and chargers. Available industrial space has been identified near Atlanta, Georgia to assemble and test our products. GS Yuasa will make an initial capital investment of approximately \$750,000 to launch this facility. Initial planning with the architects is underway. Potential production layouts are shown in the figures below.