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ELECTRIC VEHICLE BATTERY PRICES DOWN 14% YEAR ON YEAR

New index shows price of vehicle-grade lithium-ion batteries is dropping rapidly, due to excess manufacturing capacity and weak demand

London and New York, 16 April, 2012 – The average price for an electric vehicle lithium-ion battery pack was $689/kWh in Q1 2012, down 14% from approximately $800/kWh a year earlier and down around 30% from $1000-plus levels in 2009, according to the first issue of Bloomberg New Energy Finance's new quarterly Electric Vehicle Battery Price Index.

Electric vehicles such as the Mitsubishi Motor iMiEV, Nissan Leaf or Tesla Model S require between 16 and 85kWh of storage, with a total cost of $11,200 and $34,000, or around 25% of the total cost of the vehicle. Battery pack prices for plug-in hybrid vehicles such as GM's Volt are on average 67% higher in terms of $/kWh, than those for electric-only vehicles like Nissan's Leaf. This higher price is mainly due to the greater power-to-energy performance required for plug-in hybrid vehicles.

Bloomberg New Energy Finance expects the cost of lithium-ion batteries to drop as far as $150/kWh in 2030 (in 2012 dollars). However, the sharp fall in prices seen during the last two years has been faster than underlying cost reductions in the manufacturing supply chain.

The main reason why prices have dropped faster than costs – squeezing the margins of manufacturers – is that production capacity for electric vehicle battery packs has exceeded demand, due to significant investment on the supply side while consumer demand for the vehicles has been slow to materialise. As reported last year by Bloomberg New Energy Finance, current production capacity for electric vehicle battery packs outstrips demand by over 10GWh, equivalent to around 400,000 pure battery electric vehicles, and the gap is on course to widen to 17GWh by the end of 2013. By comparison, the total number of electric vehicles sold in 2011 was 43,237.

Michael Liebreich, chief executive of Bloomberg New Energy Finance, commented: "Batteries are one of the biggest drivers of the cost of electric vehicles, and hence of their uptake. A sharp decline in price may be unwelcome for battery manufacturers, but it is essential for the long-term health of the sector. Battery prices will be one of the key pieces of data for investors, policy-makers and the car industry to watch over the next few years, and that is why we have launched this index."

The Electric Vehicle Battery Price Index joins a range of other indices published by Bloomberg New Energy Finance to track prices of equipment in the clean energy sector, which have become established as industry benchmarks. The Solar Spot Price Indices track the price of each element of the solar photovoltaic value chain – silicon ingot, wafer, cell, module and now inverters. The company also publishes a Silicon and Wafer Forward Price Index tracking long-term contract prices for those components. In wind, the Bloomberg New Energy Finance Wind Turbine Price Index provides the

definitive guide to changes in turbine prices over time.

The Bloomberg New Energy Finance Electric Vehicle Battery Price Index benchmarks the price of lithium-ion batteries used in electric vehicles every quarter. It is calculated by collecting price data from buyers, sellers and traders of such batteries on a confidential basis and normalising the prices into dollars at current exchange rate. The figures reported in this press release, and communicated to Bloomberg New Energy Finance clients in a research note published this month, are representative of purchases completed during Q1 2012. The prices for periods before the creation of the index, which are included for comparison, are based on industry interviews, literature reviews and analyst knowledge.

For further information on the Index, please contact Shu Sun, lead energy storage analyst at Bloomberg New Energy Finance, at ssun46@bloomberg.net.

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