

BALLARD®

power to change the world



▶ BALLARD POWER SYSTEMS

ACCELERATING FUEL CELL MARKET ADOPTION

WWW.BALLARD.COM

APRIL 2008



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Forward Looking Statements

This presentation contains forward-looking statements that are based on the beliefs and assumptions of Ballard's management and reflect Ballard's current expectations as contemplated under section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended. Such assumptions relate to our financial forecasts and expectations regarding our product development efforts, manufacturing capacity, and market demand.

These statements involve risks and uncertainties that may cause our actual results to be materially different, including, without limitation, the rate of mass adoption of our products, product development delays, changing environmental regulations, our ability to attract and retain business partners and customers, our access to funding, increased competition, our ability to protect our intellectual property, changes in our customers' requirements, and our ability to provide the capital required for product development, operations and marketing.

Readers should not place undue reliance on Ballard's forward-looking statements and Ballard assumes no obligation to update or release any revisions to these forward looking statements. For a detailed discussion of the risk factors that could affect Ballard's future performance, please refer to our most recent Annual Information Form.





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Ballard Profile



■ CLEAN ENERGY FUEL CELL PRODUCTS...

▶ OUR COMPANY

- About 500 employees
- World-leading R&D & manufacturing facilities
- Locations in Vancouver, Canada (HQ), Lowell, MA & Fujisawa, Japan

▶ OUR BUSINESS

- Design, manufacture, sale & service of hydrogen fuel cell products

▶ OUR CUSTOMERS

- System integrators and OEM's addressing end-user needs

▶ OUR FOUNDATION

- Technology leadership
- Production expertise
- Expanding go-to-market capabilities





Lines of Business

Fuel Cell Growth Markets

- ▷ Materials Handling
- ▷ Backup Power
- ▷ Residential Cogeneration

Supporting Business Segments

- ▷ Carbon fiber materials
- ▷ Fuel cell bus programs
- ▷ AFCC* technical services & contract manufacturing

FOUNDATION: → Technology Leadership
→ Production Expertise
→ Expanding Go-to-Market Capabilities

**Private company owned 50.1% by Daimler, 30% by Ford, 19.9% by Ballard*

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Materials Handling

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■ Market

- Addressable market estimated at 40-50% of \$1.5B annual spend on lead acid batteries for these applications
- Fuel cell battery replacement
- Fuel cell hybrid battery
- Integrated fuel cell forklift

■ Drivers

- Longer run times & constant power level, relative to batteries
- Quick refuelling vs. long battery charging
- Frees up warehouse and factory capacity

■ Focus

- Ramp up sales to existing customers
- Add Systems Integrator customers & OEM relationships
- Reduce product cost





Backup Power

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■ Market

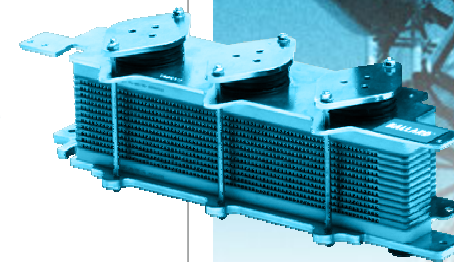
- Addressable market estimated at 30-40% of \$2B annual spend on batteries & gensets
- Initial focus on wireless telecom

■ Drivers

- Extended run time at lower cost, relative to batteries
- Regulatory-driven extended run time
 - Tetra-standards based telecom networks in Europe
 - FCC requirements for U.S. telecom networks

■ Focus

- Ramp up sales to existing customers; add Systems Integrator customers & OEM relationships
- Develop reformat-based solutions
- Reduce product cost
- Extend sales effort to wireline telecoms



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Residential Cogeneration

■ Market

- ▶ Electricity and hot water for up to 1.8M Japanese homes per year (multi-billion dollar market)

■ Drivers

- ▶ Primary energy consumption reduced by 20-30% (annual savings to homeowner ~\$600)
- ▶ 2005-08 subsidies total \$110M
- ▶ Reduction of CO₂ emissions by 30-40%

■ Focus

- ▶ Strengthen relationships with customers
- ▶ Launch V3 product in 2008, leading to start of commercialization phase in 2009
- ▶ Assess new geographic markets
- ▶ Reduce product cost, increase life, improve reliability

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Supporting Business Segments

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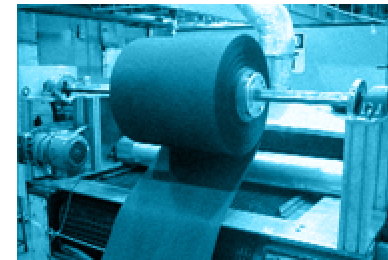
■ Fuel Cell Bus Programs

- ▶ Supported by government subsidies
- ▶ New Flyer agreement for midi-size buses



■ Carbon Fiber Materials

- ▶ Gas diffusion layer material for fuel cells
- ▶ Friction materials for other applications



■ AFCC Technical Services & Contract Manufacturing





Automotive Scope

- **Automotive challenge: High cost of development and long time to commercialization**
 - Automotive fuel cell assets sold to Daimler & Ford in January 2008
 - No ongoing funding obligations
- **Ballard's automotive scope today...**
 - Fuel cell technical services & contract manufacturing to AFCC
 - Fuel cell bus programs

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2008 Business Focus

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2008 Business Focus

Accelerating Market Adoption *...Deepening Market Traction*

LEVERS		Q1 DEVELOPMENTS
1	Reducing product costs	On-track to achieve at least 20% cost reduction on all fuel cell product platforms in 2008
2	Ramping up sales to existing customers	⑨ Bridgestone Firestone follow-on order ⑨ Increased orders from Dantherm for backup power market
3	Expanding customer base through Systems Integrator channels	⑨ Supply agreement with H2 Logic for materials handling market in Europe ⑨ Supply agreement with IdaTech for backup power market
4	Establishing new OEM relationships	⑨ Joint Development Agreement with Raymond for materials handling market

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2008 Business Focus

Accelerating Market Adoption *...Expanding Market Focus*

LEVERS

Q1 DEVELOPMENTS

1

Establishing channel capabilities in new geographic markets

Supply agreement with H2 Logic in for materials handling market in Europe

2

Extending product platforms

A. New customer applications

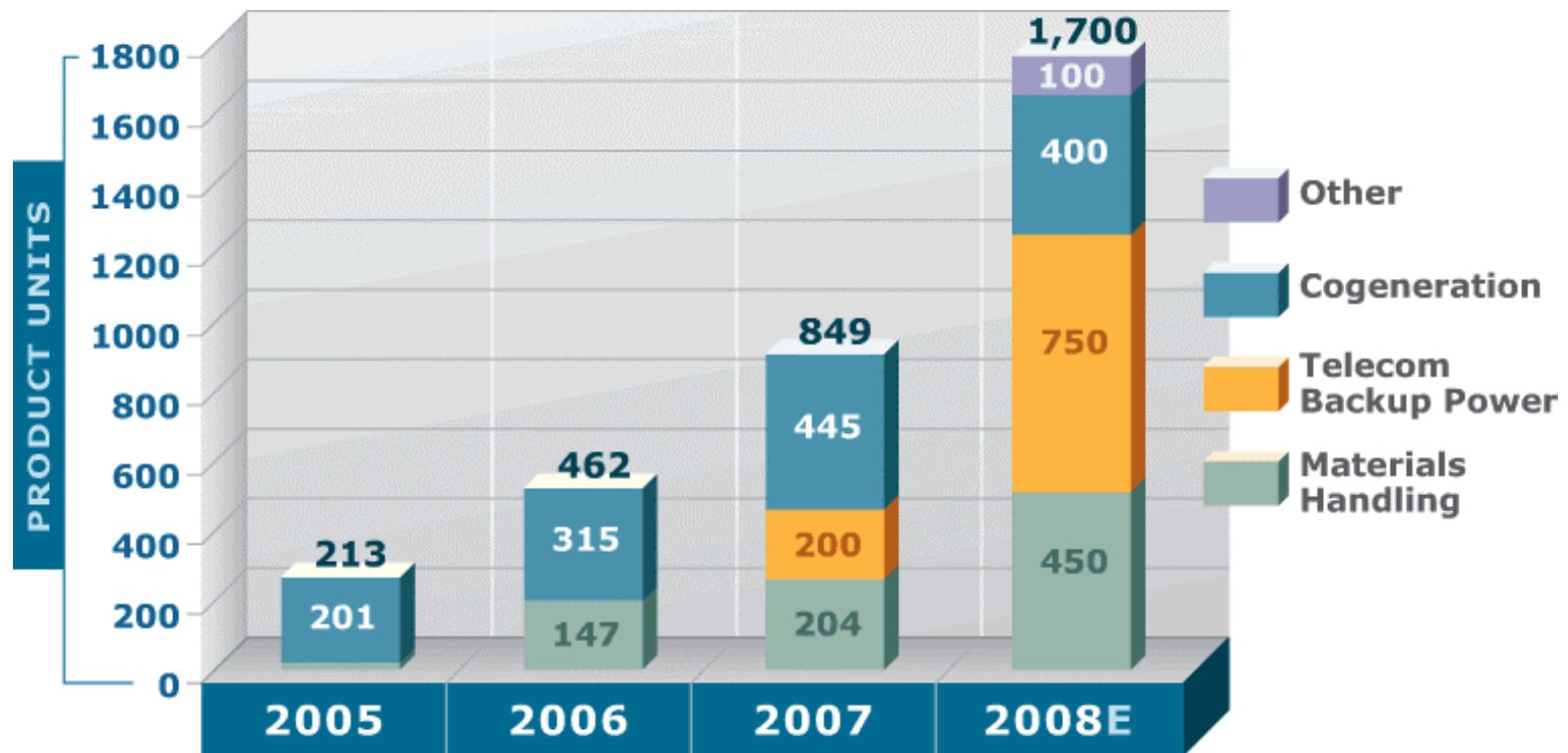
- ⑨ New Flyer midi-size buses
- ⑨ IdaTech auxiliary power units
- ⑨ Heliocentris industrial niche applications

B. Support for alternative fueling solutions

IdaTech methanol-based iGen product



Growth Outlook 2008 Product Shipments

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Growth Outlook Mid-Term Potential (2010)



MARKET (Average Unit Size)	SHIPMENTS (Units)	DIRECTIONAL STACK PRICE*	KEY EXECUTION TRIGGERS
Materials Handling (10 kW)	5,000 – 8,000	\$400 – \$500/kW	<ul style="list-style-type: none">Additional systems integrator and OEM customersProduct cost reduction > 40% (reduced platinum loading and volume component pricing)
Backup Power (2 kW)	6,000 – 12,000	\$1,000 – \$1,500/kW	<ul style="list-style-type: none">Additional systems integrator and OEM customersNew regulatory requirements for telecom backupProduct cost reduction > 30% (reduced platinum loading, process automation and volume component pricing)
Residential Cogeneration (1.2 kW)	4,000 – 8,000	\$2,000 – \$3,000/kW	<ul style="list-style-type: none">Launch of next-generation V3 product in 2008Continued government subsidy support in Japanese marketProduct cost reduction > 50% (volume component pricing, streamlined testing processes and assembly automation)

* Dependent on power level & volume commitment





Financial Position Quarterly Summary

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USD Millions	Q1 2008	Q1 2007	Q1 2008 vs. Q1 2007
Revenue	\$16.0	\$13.6	+18%
Operating Cash Consumption	\$9.2	\$16.1	-43%
Shipments (Units)	284	126	+125%



Financial Position Revenue

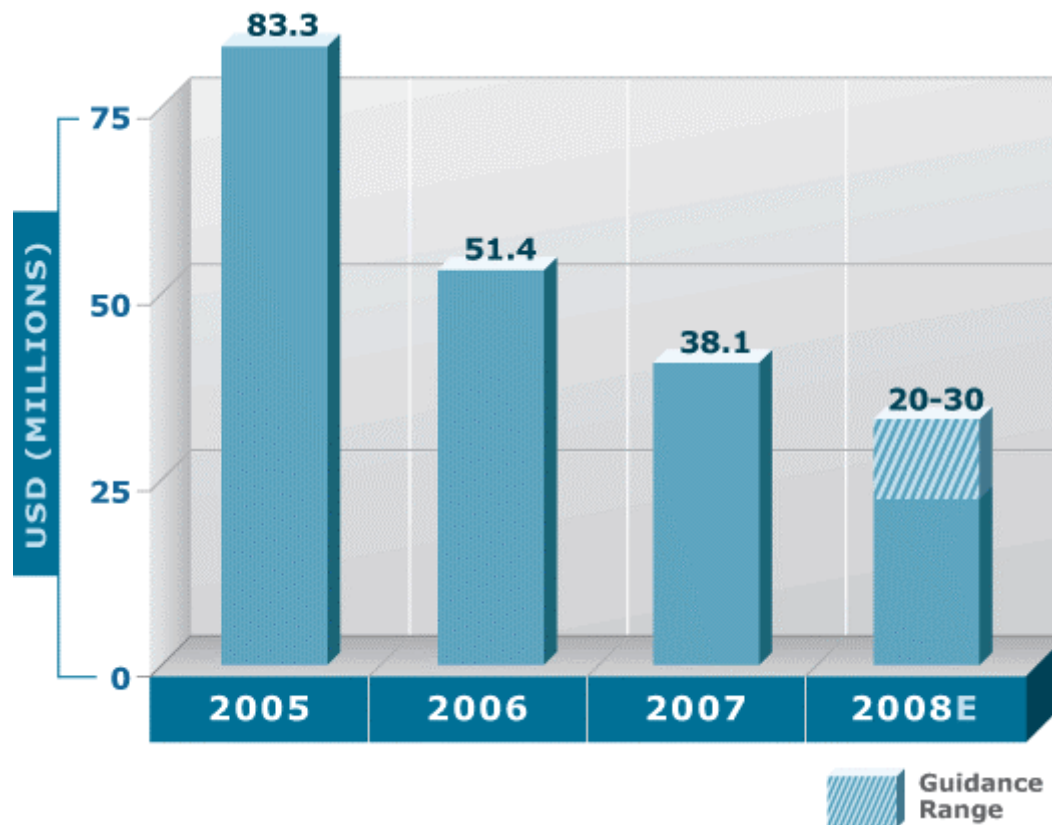
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- ▶ Growth across the business in 2008 will offset reduction in automotive engineering development revenue of \$15.8M in 2007



Financial Position

Operating Cash Consumption

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- Cash reserves were \$75.4M at end of Q1

Note: Management believes current cash reserves of \$75.4M are sufficient to meet planned operations until the end of 2010, without monetizing the company's investment in AFCC.



Summary



- **Solid foundation**
- **Profitable supporting business segments**
- **Focus on fuel cell growth markets**
 - Materials handling
 - Backup power
 - Residential cogeneration
- **Accelerating market adoption**
 - Deepening market traction
 - Expanding market focus



Reference Information...

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➤Dr. Christopher Guzy
VP, Operations & Chief Technology
Officer

➤Glenn Kumoi
VP, Human Resources & Chief Legal
Officer

➤Noordin Nanji
VP & Chief Customer Officer

➤David Smith
VP & Chief Financial Officer

Board of Directors:

➤Ian Bourne, Chair of the Board of
Directors, *Ballard Power Systems Inc.*

➤Ed Kilroy, CEO, *Symcor Inc.*

➤Dr. C.S. Park, Corporate Director

➤John Sheridan, President & CEO,
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