



**Ballard Power Systems**

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Canada

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January 12, 2009

Ballard shareholders,

We have received a number of questions from shareholders about the unusual stock market activity on December 29th and 30th, when there was a significant increase in Ballard trading volumes and a sharp decline in the Ballard share price. Our understanding is that an index fund liquidated a large holding of Ballard shares over this period. This appears to have been related to broader portfolio re-balancing activity and general financial market conditions, rather than a reaction to specific Ballard developments.

Ballard developments as reported in December were positive, with the BC Transit Olympic Bus Fleet approvals and our progress on the transaction with Superior Plus Income Trust, which subsequently closed on December 31<sup>st</sup>, and resulted in non-dilutive financing with net cash proceeds of approximately C\$41 million (US\$34 million).

These are challenging and uncertain economic times and, as such, I understand the concern that the sudden decline in share price may have caused you. We believe that Ballard is strongly positioned for growth, and I want to assure you that we are continuing to stay sharply focused on the execution of our plan.

In 2008, our main focus was to complete the re-positioning of Ballard, to enable us to build a clean energy growth company offering world leading fuel cell products in near term commercial markets. It was a year of transformational progress for our company in three fundamental areas:

- Re-vectoring our strategic direction with the automotive transaction, which closed on January 31, 2008, with a US\$97 million gain recorded in the first quarter;
- Strengthening the company's financial position by a further reduction in operating cash consumption, and augmenting cash reserves with the Superior Plus non-dilutive financing; and
- Accelerating fuel cell product adoption.

In terms of accelerating fuel cell product adoption, we have seen significant proof points, clearly demonstrating the end user pull for fuel cells in commercial applications today. A few examples include:

- In back-up power, the high volume development and supply agreement with ACME and IdaTech LLC announced on October 9, 2008, which provides a binding commitment for the purchase of approximately 1,000 fuel cell units in 2009 and 9,000 units in 2010, subject to meeting product design and acceptance specifications;
- In materials handling, the extended supply agreement with Plug Power announced July 2, 2008, and the Central Grocers purchase of 220 GenDrive™



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units to power the entire liftruck fleet at its greenfield facility expected to be in operation by the end of the first quarter of 2009, announced by Plug Power on December 11, 2008;

- In the bus segment, BC Transit's Notice to Proceed for the manufacture of 20 fuel cell buses, to be delivered by the end of 2009, and in use during and after the 2010 Olympic and Paralympic Winter Games in Whistler.

We plan to communicate with our shareholders actively as we progress with our plan through 2009. In addition to our regular quarterly reports, conference calls and our annual shareholders' meeting, we will provide a report in late January on our 2008 achievements and our 2009 outlook.

Inquiries can be made to [investors@ballard.com](mailto:investors@ballard.com) or by phone at 604-412-3195.

Sincerely,

A handwritten signature in black ink, appearing to read "John Sheridan", with a large, stylized flourish at the end.

John Sheridan  
*President & CEO*  
Ballard Power Systems