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## **Katz & Company Equity Research Initiates Coverage on Car Charging Group, Inc. With a Buy Recommendation**

LEV HASHOMRON, ISRAEL--(Marketwire - 08/16/10) -*Katz & Company* initiates coverage on Car Charging Group (OTC.BB:CCGI) with a Strong Buy recommendation. According to Katz & Company analyst Aryeh Katz, forget about the cars, the real business behind the auto industry's emerging, plug-in vehicle phenomenon looks to be the recharging station market.

According to an exhaustive study done by New York based tech research firm ABI Research, the electric 'gas station' market stands to generate revenues of \$12 billion in the United States alone over the next five years. And of those companies now vying for that lucrative market, Car Charging Group (OTC.BB:CCGI) appears positioned to grab the lion's share.

The challenge for companies competing in the auto recharging market is to ramp up from the 20,000 existing U.S. based charging stations to the forecasted 3 million that will be needed to serve the electric vehicle market in the next half decade. Electric Vehicles (EVs) and Plug-in Hybrid Electric Vehicles (PHEVs) must have access to the existing electricity grid in order to operate. Today, however, most EV chargers are home-based units that limit the EV owner from travelling too far from the charging unit. The majority of EVs are range bound to a maximum of between 100 and 150 miles before requiring a full overnight recharge.

The Opportunity:

Public charging units do not currently exist in the United States on a scale that will successfully service the more than 40 separate EV models that are expected in showrooms by the end of 2010. A broad network of public recharging stations is key to the electric vehicle phenomenon being a success.

Success in the car recharging business is predicated on massive investment and a corporate entity capable of tying together the four key partners in the EV recharging station business.

They include: 1. Real Estate Owners, 2. Utilities, 3. Governments, and 4. Strategic Business Partners.

1. Real Estate Partners

Car Charging is currently growing its real estate partnership base with municipalities, shopping centers, hotel chains, sporting venues and parking garages at a fast clip. Its unique revenue sharing agreement with property owners provides a key incentive for interested parties to sign on. But unit hosts will not only share in recharging revenues, they also obtain a captive customer for two to six hours, the amount of time currently required to recharge an EV using the industry standard 220 volt technology.

Moreover, hosts will not be required to install, maintain, operate or monitor Car Charging's recharging units. Nor do they have to worry about customer interface issues, or the technology becoming obsolete and having to be replaced at some point in the future. Car Charging assumes all risks and liabilities associated with the units.

## 2. Utility Partners

Car Charging recently established a subsidiary to become an authorized electricity reseller and is currently in the process of applying for all pertinent federal and state licenses. Once those approvals are obtained the company will be positioned to provide the most competitive pricing to EV users and will achieve greater flexibility in the way it powers its recharging units. Installation of the company's units is currently done in full partnership with local municipal authorities and utility operators, thereby cutting down on the time required to obtain permits for installation.

## 3. Government Partners

At present, significant tax credits are available from federal and some state governments that cover half the installation costs of recharging units. These credits are available until the end of 2010 but there's a strong likelihood that they will be extended through 2011. Car Charging garners enormous savings from these credits.

## 4. Strategic Business Partners

Car Charging's key business partner, Coulomb Technologies, is the manufacturer of the ChargePoint recharging system that Car Charging has selected for its 'filling stations.' The advantage of the ChargePoint technology resides in its simplicity. Essentially, the unit consists of a plug and a cell phone. The plugs provide the charge while the phone offers customers with smart phone technology a great many options, including:

- Locating the nearest recharging unit
- Determining if that unit is vacant
- Monitoring in real time EV recharging status and/or problems therewith, e.g., unplugging
- Sending EV owners an SMS when recharging is complete
- Billing and subscription options

After 'fill-up,' the ChargePoint technology automatically determines whether the unit belongs to Car Charging and remits funds to the company periodically on a predetermined basis. At that point, Car Charging pays its real estate partners according to contract.

Units currently allow drivers to pay by subscription or by dialing a toll-free 1-800 number. Shortly, debit and credit cards will also be accepted.

## 5. Car Charging's Current Growth Trajectory

Car Charging has already begun the process of installing units throughout southern Florida

(its current base of operation) and in New York City. But its focus is clearly on the 'land grab' -- contracting with as many real estate partners countrywide as possible to install the ChargePoint recharging units -- and doing it before anyone else launches a similar competitive initiative. To this end, the company has contracted 44,000 sales professionals from Salesconx to secure possible sites and is in regular contact with Government agencies and municipalities to help streamline the permit process.

The company forecasts 500 operating locations by year-end 2010 and more than 1000 in place by the summer of 2011. By the end of 2011, Car Charging expects a full 4000 operating locations across the U.S. -- giving them the potential to install six million charging stations in total. Full profitability on an operating basis is expected by year-end, 2011.

This marks a significant change in the company's status, moving from a purely developmental phase operation to one that actually produces revenues.

In our opinion, the stock price has not yet reflected this change.

#### 6. Who's the Competition?

There are now several businesses in operation that provide private owners and businesses with solar powered (and other) small scale solutions for their EVs and PHEVs. This suffices for local use, but for those considering venturing out for more than a day, or further than a few hundred miles, a broader electricity net will be necessary.

Companies like Ecotality and Solar City have currently established themselves in the recharging market, but appear geared more toward servicing the first phase of EV owners, those whom the industry terms 'low range' urban users. This cohort will likely charge their vehicles at home, overnight, and won't initially rely on the network of charge stations being developed by Car Charging Group Inc. Better Place and EVIN, on the other hand, have plans to employ a battery switching strategy that would have batteries available at their own line of vehicle recharging stations.

While ingenious, the strategy is reliant on EV manufacturers developing a simply switched battery of standard size and capacity across the industry, as well as recharging stations outfitted with personnel capable of performing the switch for those unable or unwilling to do it themselves. In our opinion, this becomes altogether too unwieldy and expensive a model to deploy effectively on a large scale. While Better Place is currently well capitalized, they are too heavily reliant on technology. Car Charging is not married to any technology model and has the ability to buy units, batteries and infrastructure from any entity in the market. We're of the opinion that securing general equity financing would prove difficult for Better Place due to these limitations in its business model.

Car Charging's payment-for-location model is unique. There is no battery development, selling or switching scheme that makes the business run. Nor, however, does it preclude partnering with any of the aforementioned companies as the EV and recharge station businesses mature.

#### 7. Threats, Large and Small

Two of the other corporate bodies involved in developing a public recharging infrastructure are exclusively European affairs. Vinci Energies and Elektromotive are building similar networks in various locations throughout the U.K. and Continental Europe and don't

currently pose a threat to Car Charging -- even though a European expansion is in the works. With respect to Europe, Car Charging will look to compete with any group whose business model is similar and partner with any whose is different, e.g. Better Place.

Perhaps the biggest competitive threat to Car Charging Group Inc. will come from the EV manufacturing sector, whom most parties agree will enter the recharging station market shortly after this year's rollout of their first EV models. At that point, Car Charging becomes a potential takeover target or partner for all the major EV manufacturers. Other threats to the company's standing include overwhelming demand for installation of the ChargePoint recharging unit. CarCharging's management is hoping Coulomb has the capacity to expand its production capabilities should the demand for EVs -- and recharging stations -- exceed expectations.

## 8. Conclusions

- Car Charging is the only company on the ground engaged in a full-scale, EV recharging infrastructure build-out program.
- Car Charging's stock price is still reflecting her developmental-stage potential. The company's move to a revenue producing operation should soon push shares significantly higher.
- 2010 represents the watershed year for the electric vehicle industry, with over 40 distinct models appearing in showrooms across the country by year-end. Car Charging is set to grow at least as fast as the demand for new EVs.
- Electric Vehicles cost four to five times less to power per mile than gas-powered automobiles.
- The Obama administration has made reducing oil consumption the centerpiece of his energy and carbon reduction policies. Legislation is now before both houses in Washington that would award \$1 billion to a number of EV-friendly regions to subsidize consumer purchases of cars and to develop the necessary recharging infrastructure.

Based on projections of 1000 recharging locations with a potential 2.5 million charge spots, each valued conservatively at \$120 per spot, Car Charging's market capitalization should reach \$300 million in the next 12 to 18 months. On a fully diluted basis, the company's 78 million shares should fetch \$3.00.

Katz & Company Equity Research rates the shares of Car Charging Group Inc. a **STRONG BUY** and forecasts a price target of \$3.00 within twelve to eighteen months.

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