Date: March 14, 2025

To: Quentin L. Messer, Jr., President, Michigan Strategic Fund

From: Thomas Gallagher III, Vice President of Operations, Ultium Cells LLC

Subject: Ultium Cells LLC request to amend CIP agreement

In 2022, Ultium Cells LLC (Ultium), a joint venture (JV) with General Motors LLC (GM) and LG Energy Solution (LGES) announced, after an extensive site selection process, that Michigan had been selected for the site of a new battery cell plant. This established JV had two other battery cell sites under construction in other states. This was a combined project with GM for a major expansion at its Orion Assembly Plant.

The State provided strong support with the award of a CIP grant in the amount of $600M, which was split between the Ultium project ($120M) and the GM Orion project ($480M). The grant award was for the combined projects, however, each entity (Ultium and GM) received separate agreements, which included certain terms that would allow each location to support each other, while maintaining independent operations. Ultium has drawn down the grant, which was used to support the major new construction activities at the site. GM Orion has also drawn down their grant, again used for the new construction associated with the site expansion.

Additionally, the State awarded Ultium with an 18-year Renaissance Zone (RERZ).

Since the award, work at the Lansing battery cell plant is approximately 98% completed. Additionally, work at Orion continues to progress toward its fall 2026 start of production.

In late 2024, GM announced it would sell its stake in the nearly completed plant to its joint venture partner, LGES. GM believes it has the right technology plans and cell manufacturing capacity in place today to grow with the EV market in a capital efficient manner. When completed, the transaction will accelerate LGES' ability to meet their customer demand by leveraging capacity that's nearly ready to come online, while making GM even more efficient.

Ultium and its JV owners, GM and LGES, are in final stages of negotiation for the change of ownership. One of the items needed is a transfer of the economic incentives awarded to Ultium for the project. Ultium, GM and LGES and have been working with the MEDC staff to transfer the existing incentives and commitments for the Lansing project from Ultium Cells LLC to LGES. A part of that transfer also is the separation of Ultium and GM in our agreements.

As a result of this change, Ultium is requesting the Michigan Strategic Fund amend the CIP and Renaissance Zone agreements affected by the transfer of ownership as necessary to effectuate the following:

CIP performance-based grant: amendment to:

- Reassign the grant from Ultium Cells LLC to LG Energy Solution Michigan, Inc., the latter of which represented the battery-making and electrochemical expertise within the Ultium Cells joint venture
- Remove reference to General Motors and GM Group, except for eligible expenses that occurred on or before the date of the amended agreement
- Remove references to the Orion Township Project
- Update the Base Employment Level to remove existing employees associated with the Orion Township Project.
- Remove the provision that allows excess Qualified Jobs created by GM to count toward the Qualified Job commitment
- Remove the early performance provision
- Add a 6-month job maintenance requirement to the Qualified Job commitment

RERZ amendment:

- Reassign the agreement to LG Energy Solution Michigan as the new landowner and owner/operator of the facility
- Reduce the size of the RERZ boundary to reflect removal of the excess GM property.
- Remove reference to General Motors and GM Group, except for eligible expenses that occurred on or before the date of the amended agreement

Thank you for your consideration. Should you have any questions, please reach out at your convenience.

Sincerely,

Thomas Gallagher

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