

Analyst Sees Benefits To Johnson Controls Deal

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NEW YORK (AP) — An analyst says that Johnson Controls' agreement to buy battery maker A123 Systems' automotive assets is a good strategic fit and gives it access to new lithium ion battery technology.

On Tuesday A123 Systems Inc. filed for bankruptcy protection. Johnson Controls Inc., an auto parts and building equipment maker, plans to keep A123 plants open and sell the company's lithium-ion battery technology.

Itay Michaeli of Citi Investment Research said in a client note that the deal will enhance Johnson Controls' customer relationships because it can basically prevent possible supply disruptions that could have resulted from A123's troubles.

The analyst said that the \$125 million transaction will also give Johnson Controls access to A123's nanophosphate EXT technology, which debuted in June.

Jefferies' Peter Nesvold said that Johnson Controls' deal with A123 gives it a way to acquire lithium ion chemistry at an appealing price.

Michaeli reaffirmed a "Neutral" rating and \$29 price target, while Nesvold kept a "Hold" rating and \$26 price target.

Shares of Johnson Controls, based in Milwaukee, shed 17 cents to \$26.11 in afternoon trading on Wednesday.

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