



A123Systems Announces Plan to Build U.S.-based Lithium Ion Battery Mass Production Facilities

Planned \$2.3 Billion facilities will support aggressive expansion plan to deliver energy storage systems to A123's multiple OEM customers in the Electric and Hybrid Electric Vehicle market

Watertown, MA – January 7th, 2009 – A123Systems today announced it has submitted an application under the U.S. Department of Energy's Advanced Technology Vehicles Manufacturing Incentive Program to qualify for \$1.84 billion in direct loans to support the construction of new world-class lithium ion battery manufacturing facilities in the United States, with the first construction location in southeast Michigan.

If A123's application is approved, this program would enable the company to dramatically expand production capacity in the United States, with full production volumes designed to supply battery systems for five million hybrid vehicles or half a million plug-in electric vehicles per year by 2013.

"We're entering an exciting new phase for the automotive industry where we increase the electrification of vehicles, reducing consumption of gasoline through advanced batteries. This new facility would greatly accelerate this change and help ensure that the American economy replaces its dependence on foreign oil with reliance on advanced, homegrown batteries," said David Vieau, A123Systems President and Chief Executive Officer.

At full operation, A123 expects the combined plants would occupy as much as 7 million square feet and create over 14,000 jobs. These plants would produce battery cells and systems to meet the needs of A123's broad automotive customer portfolio, which currently includes over seven vehicle manufacturers and 19 vehicle models ranging from HEVs (hybrid electric vehicles) to EVs (electric vehicles).

"Chrysler's commitment to E-drive industry leadership has led us to a strategic relationship with US-based A123Systems as one of our key suppliers supporting production development of ENVI electric vehicles. Chrysler strongly encourages the efforts of A123Systems to develop and mass produce energy storage systems in the United States" said Lou Rhodes, VP of Advanced Engineering for Chrysler LLC and President of ENVI.

"At GM, we see the development of vehicles powered by electricity as key to the transformation of our industry. And advanced battery technology, is at the heart of this transformation," said Bob Lutz, GM Vice Chairman of Global Product Development. "A123's proposal to manufacture advanced battery cells and packs right here in the United States is a positive development for our industry and the nation."

"At Better Place, we truly believe that there is a path forward for the US to lead the world into a 21st sustainable century led by American innovation. Converting our national fleet of cars from fossil fuel dependent to fully electric revives our core industrial power, addresses key national strategic goals, and starts to address the biggest global risk we have – climate change. It represents a historic opportunity for the US to re-engineer its economy and its global reputation. We look forward to leading the transformation to sustainable mobility with partners like A123 as part of our mission to end the world's addiction to foreign oil," said Shai Agassi, Founder and CEO of Better Place.

A123 was born out of the research labs of the Massachusetts Institute of Technology and was funded initially with a \$100,000 grant from the U.S. Department of Energy in 2001. Existing A123 customers include AES, BAE Systems, Black and Decker, Cessna, Chrysler LLC, General Motors, Project Better Place, and Th!nk.

Support for A123's US battery plant plans is broad and spans the following:

Michigan State Government

"This plant will be a showcase to our economic turnaround in Michigan. We look forward to working with A123Systems to support their growth in our state," said Michigan State Governor, Jennifer Granholm.

Senator Kerry

"The new Administration has a great opportunity to insure that a superior American technology originally developed by A123 out of MIT, leads the way to an electric transportation revolution. This is a way to produce tens of thousands of new jobs and millions of oil-free new cars right here in the United States. I look forward to the plant that will be based in Massachusetts as part of the fight we'll lead to guarantee that the electric fuel of the future will be sourced right here at home instead of overseas," said Senator John Kerry.

Senator Stabenow

"We need a 21st century manufacturing strategy in this country to ensure that the research and production of advanced energy technologies are taking place here at home," said Senator Debbie Stabenow. "Companies, like A123, are not only creating quality, good-paying jobs in Michigan, but are ensuring that we do not move from a dependence on foreign oil, to a dependence on foreign technology."

Senator Levin

"The prospect for a new advanced battery production facility in Michigan is exactly the kind of hope that our state needs as we work through a deep economic downturn. Domestic production of American developed battery technology is a key step towards enabling the transformation of the automotive industry to produce greener and more efficient vehicles," said Senator Carl Levin.

Congressman Markey

"Advanced lithium ion batteries used in hybrid and electric vehicles will be a driving force in strengthening our economy and fighting global warming. We support the efforts of A123Systems and the American battery industry to establish a robust North American mass production base, which will make the U.S. a leader in our clean energy innovation future," said Congressman Ed Markey.

Congressman Dingell

"I am extremely excited about A123System's plan to build a battery manufacturing facility in Michigan, home to the most talented workers in the world. The future of this country is dependent upon addressing two vital challenges – stopping the spread of global warming and creating the next generation of manufacturing jobs here in the United States. This project gets us closer to achieving both of these goals," said Congressman John Dingell.

About A123Systems

A123Systems develops and manufactures advanced lithium-ion batteries and battery systems for the transportation, electric grid services and portable power markets. Founded in 2001 and headquartered in Massachusetts, A123 Systems' proprietary nanoscale electrode technology is built on initial developments from the Massachusetts Institute of Technology. For additional information please visit www.a123systems.com.

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