



A123 Systems Announces Additional Capacity Expansion Plans Based on Customer Momentum

WATERTOWN, Mass., Jan. 14, 2010 (GLOBE NEWSWIRE) -- A123 Systems (Nasdaq:AONE), a developer and manufacturer of advanced Nanophosphate(TM) lithium ion batteries and battery systems, today announced details related to the further expansion of the company's United States manufacturing capacity.

In December of 2009, A123 closed on its \$249 million grant award from the Department of Energy (DOE) and is using the available capital to help fund its capacity expansion plans. A123 ended the third quarter of 2009 with final assembly capacity of 169MW hours per year. A123 announced today that it has begun to make investments in its 300,000 square foot plant in Livonia, Mich. to expand the final cell assembly capacity by up to 200MW hours once fully operational, inclusive of the previously announced 80MW hour expansion.

These investments will expand the company's global final cell assembly capacity to over 360 MW hours, with the incremental 200MW hours of capacity expected to be ready for production during the second half of 2010. The expansion in capacity will provide A123 with the overall ability to produce over 320,000 hybrid vehicles with 1.1 kWh battery systems, or over 24,000 PHEVs with 15kWh battery systems per year. A123 will continue to evaluate additional investments in production capacity in response to anticipated customer demand.

During the fourth quarter of 2009, A123 announced that it signed a lease for a 300,000 square foot facility in Romulus, Mich. A123 announced today that the initial investments in this facility are to establish the company's North American coating operations, and current plans are for the facility to be ready for production during the first half of 2011.

David Vieau, President and Chief Executive Officer of A123 Systems, said, "The combination of proceeds from our recent IPO and funding support from the DOE has provided A123 Systems with the capital necessary to execute against our expansion program. Our strategy is to deploy capital as we see customer demand developing, and we are encouraged by recent developments and the momentum within our overall portfolio of customer relationships across our key target markets. Examples of such activity include today's announcement of a newly established strategic relationship with Fisker Automotive, our recently signed joint venture with SAIC and expansion of our electric grid customer base just to name a few."

Vieau added, "For close to four years, A123 Systems has demonstrated its ability to manufacture advanced lithium ion batteries in scale and at extremely high quality levels, and we are now expanding our capacity to ensure customers and prospects that we can scale with them to meet expected strong demand in the years ahead."

The new facilities in Livonia and Romulus will comprise stages of production from coating and cell assembly to final assembly of complete automotive battery systems. These facilities will provide a diverse set of skilled job opportunities for Michigan's workforce including construction, engineering, sales and marketing, administration and research and development, with initial hiring to begin this year. This expansion in Michigan is a critical part of A123's commitment to build world-class lithium ion battery manufacturing in the United States.

About A123 Systems

A123 Systems, Inc. (Nasdaq:AONE) develops and manufactures advanced lithium ion batteries and battery systems for the transportation, electric grid services and consumer markets. Headquartered in Massachusetts and founded in 2001, A123 was funded initially with a \$100,000 grant from the U.S. Department of Energy. A123 Systems' proprietary nanoscale electrode technology is built on initial developments from the Massachusetts Institute of Technology. Among the companies selecting A123 batteries, battery systems and technology in the fields of transportation, grid energy storage and consumer products are Chrysler, Delphi, Shanghai Automotive Industry Corporation, Fisker Automotive, AES Energy Storage, LLC and The Black & Decker Corporation. For additional information please visit www.a123systems.com.

The A123 Systems, Inc. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=6600>

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to, statements regarding the use of proceeds from the Company's initial public offering, the Company's ability and intention to expand its capacity to meet its customers' growth plans, the nature and impact of the U.S. Department of Energy's grant and loan funding on the Company's manufacturing capacity expansion, positive developments affecting our customers, the value and effectiveness of the Company's products and the Company's growth.

These forward-looking statements are made as of the date they were first issued and were based on current expectations, estimates, forecasts and projections as well as the beliefs and assumptions of management. Words such as "expect," "strategy," "plan," "target," "estimate," "potential," "intend," variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond A123 Systems' control.

A123 Systems' actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to, the timing and terms of the Company's U.S. government funding, delays in customer and market demand for and adoption of the Company's products in the transportation and other target markets, delays in the Company's planned manufacturing expansion, delays in the development of the Company's new products, the success of Fisker Automotive and the commercial success of Fisker Automotive's products, the Company's ability to attract new customers and retain existing customers, adverse economic conditions in general and adverse economic conditions specifically affecting the markets in which the Company operates, failure to negotiate acceptable contract terms with new customers or early termination of the Company's agreements with key customers, and other risks detailed in A123 Systems' other publicly available filings with the Securities and Exchange Commission.

Past performance is not necessarily indicative of future results. The forward-looking statements included in this press release represent A123 Systems' views as of the date of this press release. The Company anticipates that subsequent events and developments will cause its views to change. A123 Systems undertakes no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. These forward-looking statements should not be relied upon as representing A123 Systems' views as of any date subsequent to the date of this press release.

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