A123 First Quarter 2012 Earnings

May 15, 2012
Forward Looking Statements

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Executive Summary

- Prismatic cell field campaign update
- Revised annual revenue guidance
- Continuing to strengthen liquidity
- Strong customer pipeline and positive macro-level trends in each target market
- Quarterly gross margin breakeven expectation shifted to 2013
- Forecasting positive quarterly adjusted EBITDA in 2013
Prismatic Cell Field Campaign Update

- Replacement products continue to be shipped to customers
- Customers remain generally supportive as we continue to work with them to meet their demand
- $51.6 million warranty expense and $15.2 million inventory charge contributed to 1Q12 net loss
- Livonia factory ramping systematically to ensure quality
- Most demand corresponding to reduction in 2012 guidance to be shifted to 2013
- Commitment to quality remains top priority
  - Improve yield
  - Reduce manufacturing costs
  - Manage inventory
  - Better utilization of fixed costs
Managing Liquidity

- Priced $50 million senior unsecured convertible notes and warrants offering
- Continuing to pursue additional financing options
- Department of Energy grant extended two years to December, 2014
- Withdrawal of ATVM loan application
Grid Update

New project: Satcon/SMUD
Expanded portfolio of Grid Storage Solutions
Macro-level market developments favorable to energy storage

2013 Bidding
Actively bidding on more than 185MWh of new projects for 2013

In Progress

Deployed

~ 134 MW
~ 185 MWh

~ 30 MW
~ 50 MWh

~ 90 MW
~ 24 MWh
### Commercial Solutions Update

#### Large, Diverse Global Customer Portfolio

<table>
<thead>
<tr>
<th>Development</th>
<th>Sourced</th>
<th>In Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Internet Services Provider</td>
<td>Large IT Storage Service Provider</td>
<td>Large IT Storage Service Provider</td>
</tr>
<tr>
<td>Large Internet Services Provider</td>
<td>Leading Global Manufacturing and Technology Company</td>
<td>Multinational Information Technology Company</td>
</tr>
<tr>
<td>Telecom Energy Services Company</td>
<td>Large Material Handling Provider</td>
<td>Leading Global UPS Supplier</td>
</tr>
<tr>
<td>Large Telecom Services Provider</td>
<td>Medical Robot Provider</td>
<td>Leading Medical Tool Manufacturer</td>
</tr>
<tr>
<td>European PbA Battery Company</td>
<td>Leading Medical Tool Manufacturer</td>
<td>Global Tier 1 Automotive Supplier</td>
</tr>
</tbody>
</table>

**Customer stated demand = $100M by 2013**
Transportation Update

25 production programs moving forward on schedule
Strong progress in starter battery and truck/bus market

Development

Sourced

Production

Two HEV OEM programs
Two starter battery programs
A123 State of the Business

- Field campaign progressing
- Managing liquidity
- Strong customer pipeline in all our target markets
- Path to profitability
  - Quarterly gross margin breakeven delayed to 2013
  - Forecasting to achieve positive quarterly adjusted EBITDA in 2013
Financial Results
Total Revenue

1Q revenue adversely impacted primarily by prismatic campaign and lower shipments
**Product Revenue**

<table>
<thead>
<tr>
<th>Year</th>
<th>Grid</th>
<th>Commercial</th>
<th>Transportation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q11</td>
<td>12.3</td>
<td>3.1</td>
<td>15.5</td>
</tr>
<tr>
<td>1Q12</td>
<td>7.3</td>
<td>2.8</td>
<td>4.5</td>
</tr>
</tbody>
</table>
Shipments in MWh

1Q MWh shipments down 30% year over year

*includes prismatic shipments
Gross Margin

1Q Expenses Included in Gross Margin ($M/ppts.)

- Prismatic Campaign: $51.6 / 476 ppts
- Campaign Related Inventory Charge: $15.2 / 139 ppts
Adjusted EBITDA

Revenue
Adjusted EBITDA

1Q11 2Q11 3Q11 4Q11 1Q12

(50)  (45.4)  (41.1)  (49.4)  (58.6)  (120.0)

1Q12 includes:
- Prismatic Campaign $(51.6)
- Prismatic Related Inv Charge $(15.2)

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March 31, 2012 Cash Highlights

- Cash and cash equivalents of $113.1 million
- Cash from operating activities was an outflow of ($46.5) million, compared to ($48.5) million a year ago.
- $8.3 million capital expenditures, net of government grant proceeds, compared to $30.6 million a year ago
- Private equity placement of $23.5 million, net of offering costs
- Repaid $38.1 million in asset-based lending facility due to smaller borrowing base
- Post 1Q12 events
  - Amended ABL facility
  - Priced $50 million senior unsecured convertible notes and warrants offering
Liquidity and Other Sources of Capital

($ in millions)

- **2012 Q1 Cash**: 113
- **Senior Convertible Notes (c)**: 50
- **Pro-Forma Liquidity Post Q1**: 163
- **Remaining DOE Battery Mfg Grant**: 120
- **Michigan MEGA Credit (a)**: 100
- **Re-establish ABL**: 40
- **2nd Tranche Registered Direct (b)**: 14
- **Total Pro-Forma Liquidity**: 437

(a) $25M/year beginning in late 2013
(b) Additional sales options for up to 12.5 million shares
(c) Gross amount exclusive of fees and expenses

Does not include potential strategic investment.
2012 Revenue Guidance

($M)

- Transportation: High - 110, Low - 85
- Grid / Commercial / Government: High - 65, Low - 60
- Total: High - 175, Low - 145