



A123Systems Receives \$30 Million Investment to Support Scale Up and Recent Contract Awards in the Automotive and Power Tool Markets

Opens New Manufacturing Sites to Support High Volume Entry into the Automotive Market and Expansion of Power Tool Business

Tokyo Auto Show – October 22, 2007 - A123Systems, developer and producer of patent-pending Nanophosphate™ lithium ion batteries, today announced it has completed a \$30 million round of funding, bringing the total capital invested in the company to \$132 million.

A123Systems will use these funds to increase production capacity for new contract awards for hybrid electric, plug-in hybrid electric and extended range electric vehicle design wins with major automakers including a contract to co-develop proprietary cells for the GM E-FLEX program. A123Systems continues to expand its fast growing power tool battery business with Black & Decker Corporation, the world's largest manufacturer of cordless tools, where the company is helping drive the transition from nickel technology to doped Nanophosphate lithium ion technology.

Demand for the company's products has grown significantly in the past year and A123Systems has recently opened for business its new, state-of-the-art manufacturing site for the company's Automotive Class Lithium Ion batteries.

"We continue to scale our production-proven and cost-effective designs to meet demand as we expand our presence in the automotive, aviation and hand-held power tool markets," said David Vieau, CEO and president of A123Systems. "We have vertically integrated production from key raw materials to finished cells, incorporating best practices at every level to deliver high quality products with superior performance," added Vieau.

In addition to its leading edge lithium ion manufacturing technology, the new site was built to support TS-16949 quality systems and is designed for large scale handling of nano-materials, advanced particle control equipment and clean room environments needed to support the stringent manufacturing and quality requirements of the automotive market.

"Our investment reaffirms the commitment we first made to A123 by leading its \$40 million equity fundraising in January," said Kevin Walsh, managing director of renewable energy at GE Energy Financial Services. "This relationship is a key example of our efforts to support expansion-stage companies and projects in clean energy and water technology, as well as efficiency initiatives, through venture equity investing."

"Our investment in A123Systems is based on their unique expertise in Nanophosphate-based lithium ion technology to provide a better energy storage source for vehicles, aircraft, tools and other demanding applications," said James Kim, partner with CMEA Ventures. "Leading companies are taking advantage of A123Systems' technology to enhance their products and the company's management has done an excellent job of bringing the technology to market. We look forward to helping the company reach its full potential."

Investors in the company include General Electric, Procter & Gamble, Alliance Capital, Motorola, Qualcomm, North Bridge Venture Partners, Sequoia Capital, CMEA Ventures, FA Technology Ventures, OnPoint, Carruth Management, the Massachusetts Institute of Technology and Desh Deshpande, the company's board chairman.

About A123Systems

A123Systems is one of the world's leading suppliers of high-power lithium ion batteries. The company's patent pending Nanophosphate™ technology enables its batteries to deliver previously unattainable levels of power, safety and life. Applicable to a wide range of industries, A123Systems' products remove many traditional technology constraints to provide OEMs expanded flexibility in system design. With more than 800 employees and the largest lithium ion R&D team in North America, world-class expertise and management, and global manufacturing operations, A123Systems' Automotive Class Lithium Ion™ batteries are leading the automotive movement towards platform electrification. Founded in 2001 and headquartered in Massachusetts, A123Systems' 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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