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Chrysler LLC Forms Strategic Alliance with A123Systems for ENVI Electric Vehicle Lineup

A123Systems to Supply Michigan-made Lithium-ion Battery

- Chrysler LLC signs agreement with A123Systems, a U.S.-based battery supplier, for advanced Nanophosphate™ Lithium ion prismatic battery cells, and jointly developed battery modules and battery packs for Chrysler's Range-extended Electric Vehicle and battery-only Electric Vehicle production programs
- Partnership reinforces both companies' commitment to expand battery manufacturing technology in the United States, reducing dependency on foreign sources of energy and greenhouse gas emissions

April 5, 2009, Auburn Hills, Mich. - Chrysler LLC today announced one of its strategic partners and production battery supplier for the company's first production electric vehicles. Chrysler LLC and A123Systems have signed an agreement stating that A123Systems will supply energy storage systems for Chrysler's first-generation ENVI Range-extended Electric Vehicles and battery only Electric Vehicles. A123Systems is an American battery supplier with plans for a Michigan-based production facility.

"This is a great example of two American companies working together to put cutting-edge technology on the road," said Frank Klegon, Executive Vice President – Product Development, Chrysler LLC. "The most significant challenge to electric vehicles is battery technology. The diligent selection of strategic partners like A123Systems helps Chrysler achieve its leadership in electric-drive systems and vehicles."

"Chrysler's partnership with A123Systems marks a significant milestone at a critical time in the automotive industry and in the state of Michigan," said Michigan Governor Jennifer M. Granholm. "This strategic alliance that will result in two companies joining forces to develop and produce advanced technology in Michigan will create new jobs in the state, deliver benefits to consumers and contribute significantly to bringing more environmentally friendly vehicles to market."

The heart of ENVI's battery system is a scalable battery module, as demonstrated in ENVI's five electric-drive vehicles showcased at the 2009 North American International Auto Show in Detroit. The five vehicles included the Dodge Circuit EV, Jeep® Wrangler EV, Jeep Patriot EV, Chrysler Town & Country EV and the Chrysler 200C EV concept. At the reveal, Chrysler announced its intention to bring the company's first production electric vehicle to market in 2010.

Individual lithium ion prismatic cells are integrated with a proprietary battery management safety system to create an efficient and flexible energy storage solution. This strategy is integrated in all of Chrysler's upcoming electric-drive vehicles, helping increase production volumes of the shared battery cell and shared battery module. Chrysler's approach reduces development time, investment, and overall battery system cost by combining the economics of high-volume component sharing without sacrificing the battery pack flexibility needed to develop a wide range of customer-driven electric-drive vehicles.

"We're very proud to have been selected to supply advanced battery systems for Chrysler's family of ENVI electric-drive vehicles," said David Vieau, President and CEO of A123Systems. "This bold move by Chrysler changes the game and greatly improves our country's ability to modernize our transportation fleet. We're confident that our collaboration with Chrysler will serve as proof that American innovation is alive and well and ready to lead the new global market for fuel-efficient electric vehicles."

A123Systems advanced lithium-ion battery chemistry has the capability of meeting consumer demands for performance, driving range, and durability. A123Systems is currently planning a site in Michigan where it will manufacture Nanophosphate Lithium ion prismatic battery cells, modules and battery packs for Chrysler LLC.

"Chrysler has successfully worked with A123Systems, both directly and through USCAR, for more than 3 years to improve the technology for automotive applications," said Lou Rhodes, Vice President – Advanced Vehicle Engineering and President of ENVI. "We have confidence that by partnering with A123Systems our near-term and long-term electrification goals will be met."

"Government and society are calling for the introduction of a variety of advanced propulsion vehicles," said John Bozzella, Senior Vice President – External Affairs and Public Policy, Chrysler LLC. "This partnership with A123Systems signifies Chrysler's commitment to contribute to our nation's goal of reducing dependence on foreign sources of energy, and reducing greenhouse gas emissions. Chrysler's partnership with A123Systems represents a win-win-win for the American consumer, American manufacturing and the environment."

ENVI – letters that represent the first four letters of environment – is Chrysler LLC's entrepreneurial in-house organization focused on electric-drive production vehicles and related advanced technologies. ENVI is a cross-functional, nimble team empowered to move quickly and access vast resources within Chrysler LLC in order to integrate electric- vehicle technology into existing products.

"With ENVI-powered electric vehicles, Chrysler LLC is inspiring a personal mobility revolution, creating a new generation of responsible, no-compromise Chrysler, Dodge and Jeep vehicles," said Klegon.

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