

## **A123 Systems Hopes To Raise \$9M In Share Offering**

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

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The Associated Press

WALTHAM, Mass. (AP) — A123 Systems Inc., a maker of batteries for electric vehicles which is struggling to stay in business, said Friday that it plans to sell stock and warrants to raise about \$9 million in proceeds after expenses.

The Waltham, Mass.-based company also said it expects to soon have access to \$30 million in previously restricted cash.

But its shares fell more than 10 percent in midday trading.

The company warned in May that it continues to post significant losses and may not be able to stay in business unless it's able to secure more financing. A123, which went public in 2009 and has not yet posted a quarterly profit, said at that time that was trying to raise additional money to fund its operations and looking at other "strategic alternatives."

Among its problems have been a recall of defective battery packs that it estimated cost it \$51.6 million. In addition, a charge related to potentially defective inventory at the Michigan factory that made them will amount to \$15.2 million.

On Friday, A123 Systems said it had agreed with existing institutional investors to sell 7.7 million shares of its common stock for \$1.30 per share, along with an unspecified number of warrants to buy additional shares.

The share offering alone would raise almost \$10 million before expenses.

The per-share price was equal to its closing stock price on Thursday. In midday trading Friday, A123 shares fell 14 cents, or 10.8 percent, to \$1.16.

The company said separately on Friday that that it had met conditions for the release of \$30 million in previously restricted cash related to its 6 percent senior convertible notes. The holders of the notes were expected to deliver documentation releasing the cash as early as Friday, the company said.

A123 said it expects the stock offering to close on or about Tuesday, subject to customary closing conditions. The company has about 146.9 million outstanding shares.

Over the past 52 weeks, the company's shares have traded between 82 cents and \$5.91. Since the beginning of 2011, the shares have lost about 86 percent of their value.

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**Source URL (retrieved on 12/22/2014 - 9:53am):**

<http://www.impomag.com/news/2012/07/a123-systems-hopes-raise-9m-share-offering>