Congress of the United States
Washington, DC 20515

November 20, 2012

The Honorable Timothy Geithner
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Mr. Secretary:

As chairman of the Committee on Foreign Investment in the United States (CFIUS), you are tasked under the Defense Production Act of 1950 (the Act), as amended, to review transactions that could result in control of a U.S. business by a foreign person or entity in order to determine the effect of such transactions on U.S. national security. CFIUS purportedly is reviewing one such transaction, Chinese firm Wanxiang Group Corporation's (Wanxiang) bid to acquire A123 Systems, Incorporated (A123).

As you are no doubt aware, A123 manufactures lithium-ion batteries and maintains contracts with both the U.S. Department of Defense and the U.S. Department of Energy. A123 has developed cutting-edge battery technology that is integrated into all facets of its business, including its defense, electric grid, telecommunications, and automotive sectors. This raises concerns about the potential effect on U.S. national security by the transaction in question. Given the need to preserve the integrity of domestic intellectual property and manufacturing crucial to our national defense, and in light of ongoing Chinese attacks on critical infrastructure in the United States, we believe it prudent that CFIUS examine Wanxiang's bid with the utmost scrutiny. As such, we have a number of concerns about the proposed Wanxiang-A123 transaction and urge CFIUS to bear them in mind when evaluating the transaction.

There is very little publicly available information about the internal structure, governance, and ownership of Wanxiang. The extent and nature of Wanxiang's ties to the Chinese government are also unclear, including whether Wanxiang currently provides products or services to the government of China, the Chinese military, or Chinese law enforcement agencies. Given that, and in light of existing A123 contracts with the U.S. Department of Defense, we are concerned that the acquisition of A123 by Wanxiang might constitute a potential threat to U.S. national security.

As noted, A123's core battery technology is integrated into all of its operations. It is unclear whether individual parts of that core business can be separated from ongoing military projects in such a manner as to preserve their integrity and national security. We are also concerned about the potential loss of A123's next-generation battery technology to a foreign

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country because of the potential detrimental effect it may have on future U.S. technological competitiveness and energy security. In addition, we are concerned about the effect the transaction could have on U.S. telecommunications and electric grids, since A123 currently supplies products and services to both.

Finally, we are concerned that Wanxiang's acquisition of A123 may result in the transfer of U.S. investments already made in A123. As you are aware, A123 was awarded a significant federal battery manufacturing grant in 2009 under the American Recovery and Reinvestment Act and has received investment incentives from the State of Michigan. The possibility that a foreign company might benefit from U.S. taxpayer assistance is therefore deeply troubling to us.

Thank you for your immediate attention to these critical issues of national security.

Sincerely,

Debbie Stabenow
U.S. Senator

Carl Levin
U.S. Senator

John D. Dingell
Member of Congress

Bill Huizenga
Member of Congress

Dan Benishek, M.D.
Member of Congress

Gary Peters
Member of Congress

Mike Rogers
Member of Congress

Sander M. Levin
Member of Congress

Candice Miller
Member of Congress

John Conyers
Member of Congress

Dale Kildee
Member of Congress

Hansen Clarke
Member of Congress

David Curson
Member of Congress

cc: The Honorable Eric Holder
U.S. Attorney General

The Honorable Janet Napolitano, Secretary
U.S. Department of Homeland Security

The Honorable Rebecca Blank, Acting Secretary
U.S. Department of Commerce

The Honorable Leon Panetta, Secretary
U.S. Department of Defense

The Honorable Hillary Rodham Clinton, Secretary
U.S. Department of State

The Honorable Steven Chu, Secretary
U.S. Department of Energy

The Honorable Ron Kirk
U.S. Trade Representative

Mr. John P. Holdren, Director
Office of Science and Technology Policy

Mr. Jeffrey Zients, Deputy Director for Management
Office of Management and Budget

Mr. Alan B. Krueger, Chairman
Council of Economic Advisors

Mr. Gene B. Sperling, Director
National Economic Council

Mr. Thomas E. Donilon
Assistant to the President for National Security Affairs

Mr. James R. Clapper, Director
Office of National Intelligence

The Honorable Hilda Solis, Secretary
U.S. Department of Labor