



UK Government Initiatives Aim to Stimulate Electric Vehicle Industry

Valence Technology and Customers Well Positioned to Benefit

AUSTIN, Texas, Dec 18, 2009 (BUSINESS WIRE) -- Two innovative initiatives aimed at encouraging the use of electric vehicles on British roads have been announced recently by the UK Government. These initiatives could benefit customers for Valence Technology's advanced lithium ion propulsion solutions.

Announced by the UK Chancellor of the Exchequer Alistair Darling, the first initiative is a tax break allowing purchasers of electric vans to waive certain taxes in their first year on the road. Valence customers such as Smith Electric Vehicles and Paneltex produce vans of the type identified in the Chancellor's announcement.

The second initiative stems from a UK Government established £30 million Green Bus Fund created to incentivize the manufacturing and sales of low carbon buses across the country. Bus route operators were recently awarded with these new government funds to purchase electric buses, helping reduce the carbon footprint across the country.

Before orders are placed with the bus manufacturers, individual bus operators will be finalizing route selections and determining their respective transportation needs. Original route operator funding requests included buses from several manufacturers, including two Valence customers, Wrightbus of Northern Ireland, and Optare, based in Blackburn and Leeds in England. According to the UK Department of Transport, buses under this initiative will start to operate by the summer of 2010.

Robert L. Kanode, president & CEO of [Valence Technology](#), commented, "We have been active in the light commercial and bus market for many years. The success of our client's efforts with these latest initiatives endorses Valence technology as a key player in the growing acceptance of electrically powered vehicles by the motive market. We look forward to continuing our efforts to provide environmentally acceptable alternative solutions to the motive markets."

About Valence Technology, Inc. Valence Technology is an international leader in the development of lithium phosphate energy storage solutions. The company has redefined lithium battery technology and performance by marketing the industry's first safe, reliable and rechargeable lithium iron magnesium phosphate battery. Founded in 1989, Valence today offers a proven technology and manufacturing infrastructure that delivers ISO-certified products and processes that are protected by an extensive global patent portfolio. Headquartered in Austin, Texas, Valence has facilities in Nevada, China and Northern Ireland. Valence is traded on the NASDAQ Capital Market under the ticker symbol VLNC. For more information, visit www.valence.com.

Safe Harbor Statement. This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may vary substantially from these forward-looking statements as a result of a variety of factors, including whether the UK initiatives will lead to any purchases of Valence's energy storage solutions. The risk factors that could affect actual results are discussed in our periodic reports filed with the Securities and Exchange Commission, including our Report on Form 10-K for the year ended March 31, 2009, and the reader is directed to these statements for a further discussion of important factors that could cause actual results to differ materially from those in the forward-looking statements.

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