



Valence Technology Celebrates New Year with \$3.1 Million Battery Order from Smith Electric Vehicles UK

World's Largest Manufacturer of Commercial Electric Vehicles Places Continued Confidence in Valence Technology as Proven Battery Partner for Its Edison and Newton Fleet Trucks

AUSTIN, Texas, Jan 12, 2010 (BUSINESS WIRE) -- [Valence Technology, Inc.](#) (NASDAQ: VLNC), an international leader in the development of safe Lithium Iron Magnesium Phosphate energy storage solutions, today confirmed a \$3.1 million purchase order from The Tanfield Group Plc, owner of Smith Electric Vehicles, to deliver advanced battery modules for both lines of fully electric vehicles (EVs) in its range, the Smith Edison and Smith Newton.

Valence Technology is now the primary traction battery supplier for the Smith Edison and Smith Newton, which are Europe's most popular electric commercial vehicles. Tanfield utilizes Valence Technology's U-Charge (R) battery systems in both vehicle lines, complemented by Valence's proprietary Command & Control Battery Management System.

Valence Technology is also the battery supplier of choice for Tanfield's 49%-owned associate company, Smith Electric Vehicles US Corporation, based in Kansas City, Missouri. In December, Smith US placed a \$1.4 million order for U-Charge (R) battery systems, as it ramps up production of the Smith Newton truck for fleet operators in North America.

Valence will initiate delivery of this latest UK order in March 2010. Tanfield requires the entire consignment of traction batteries to fulfill EV orders from fleet operators in the UK, mainland Europe, Scandinavia and the Asia-Pacific region, as it capitalizes on new government incentives in these regions to stimulate the procurement of electric trucks.

"This latest order reflects both positive momentum for the commercial EV sector outside North America and Tanfield's continued confidence in our technology," **said Robert L. Kanode, President and CEO of Valence Technology.** "Our advanced U-Charge (R) battery system offers superior battery management to optimize battery performance and assure long life as well as reporting 55 critical data points to on-board systems or any central control center our customers may choose.

"Our customers also have the option to program our Command and Control Logic from a central monitoring facility to set operating alarms, develop warranty monitoring programs or in case of vehicle theft instruct the vehicle to shut down. Furthermore, our high performance Lithium Iron Magnesium Phosphate is patented in 20 countries, offering our customers global freedom to practice and sell. Increasingly, as customers seek higher quality, inherent safety, road-tested performance and immediate availability in today's highly competitive advanced battery market, they look to Valence Technology."

"We only select best-of-breed suppliers for our leading edge electric vehicles. Valence continues to deliver a solution that is robust, efficient and tailored to our specific requirements," **said Darren Kell, Chief Executive of Tanfield.** "As an emerging sector of the fleet market, it is paramount that we deliver vehicles with proven performance and reliability. Utilizing Valence Technology helps to give our customers increased confidence in our Smith Edison and Smith Newton vehicles."

The demand for fully electric commercial trucks continues to accelerate in Europe, as manufacturers like Tanfield benefit from recently announced UK Government initiatives, including a new tax break for electric light trucks announced in December. Tanfield is also the leading supplier of pure electric vehicles to Phase One of the UK's £20 million Low Carbon Vehicle Procurement Program. All the Smith Edison vehicles delivered in Phase One of this program will be powered by Valence battery systems.

Valence Technology is well positioned to meet the battery technology needs of EV manufacturers through its network of global fulfillment centers.

Valence Technology has been supplying Tanfield with advanced battery systems for the high performing Newton and Edison trucks and vans in service since 2007. Designed for urban operations, where lower mileage requirements are commonplace, Smith Electric Vehicles are in use with a wide number of fleets, ranging from municipal authorities to major retailers, utilities, courier companies and mail delivery organizations.

About Valence Technology, Inc.

Valence Technology, headquartered in Austin, Texas, is an international leader in the development of safe, long life Lithium Iron Magnesium Phosphate energy storage solutions. Valence Technology is traded on the NASDAQ Capital Market under the

ticker symbol VLNC. For more information, visit www.valence.com.

About The Tanfield Group Plc

Through Smith Electric Vehicles, Tanfield is the world's largest manufacturer of road-going commercial EVs. The Company has influenced the evolution of zero emission vehicles since 1920 with thousands of Smith vehicles still in operation today. Tanfield's unrivalled expertise in electric commercial vehicle technology is evident in the Newton, the world's first higher function electric truck, launched in 2006 and the Edison, the world's first light weight zero emission van and minibus, launched in 2007. For more information, please visit www.smithelectricvehicles.com, or www.tanfieldgroup.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 any batteries are purchased under any additional purchase orders from Smith Electric Vehicles (U.K.), and Valence's ability to deliver on the purchase orders, gain, maintain and expand further commercial acceptance of its products and technologies. 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.

SOURCE: Valence Technology, Inc.

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