



Valence Technology, Bénéteau Group Sign Exclusive Multi-Year Supply Agreement Worth Up To \$45 Million

International Leader in Safe, Dynamic Energy Systems and World's Largest Sailing Yacht Manufacturer to Revolutionize Blue Water Sailing with Fully-Integrated Hybrid-Electric Yachts

AUSTIN, Texas, Feb 18, 2010 (BUSINESS WIRE) -- Valence Technology, Inc. (NASDAQ: VLNC), a leading international energy system manufacturer, today announced the signing of a multi-year supply agreement with BJ Technologie, a subsidiary of Bénéteau Group, the world's largest sailing yacht manufacturer. Under the multi-year agreement, Valence Technology will serve as the exclusive battery supplier for all new Bénéteau Group hybrid-electric vessels that incorporate the innovative ZF Marine hybrid drive systems.

Valence Technology will provide modular, scalable energy storage systems that will be placed in new hybrid-electric yachts, sailboats and motorboats for Bénéteau and Bénéteau Group partners. Initial battery shipments under this agreement are expected to commence in the second half of 2010. Order estimates by Bénéteau Group forecast up to \$9 million in revenue to Valence Technology during the ensuing 12 months.

"This is a revolution, not an evolution, in marine propulsion, energy generation, storage and management," **said Robert L. Kanode, President & CEO, Valence Technology.** "Bénéteau is setting a new blue water standard for cleaner sailing yachts. Ports and harbors around the world will be cleaner, quieter and safer thanks to Valence Technology's safe, dynamic energy systems and the forward thinking of companies like Bénéteau Group, and ZF Marine, a pioneer in electric pod drives."

"The teams from the Bénéteau Group and Valence Technology have been working closely together for many months now, with the combination of their expertise paving the way for this major technological breakthrough," **said Dieter Gust, Management Board Member, Bénéteau Group.**

In a major departure from the way boats and yachts have been manufactured for decades, new hybrid-electric sea-going vessels yield low to zero-emissions, reduce fuel consumption and require less maintenance than traditional diesel marine propulsion systems. Valence Technology dynamic energy storage systems can power both propulsion and auxiliary power systems without affecting the vessel's performance or functionality.

One of the most innovative features of the new hybrid drive system is the capability to recharge the advanced battery packs without the use of noisy, polluting diesel generators.

The revolutionary ZF Marine hybrid drive system creates kinetic energy when reversing the propeller while under sail, thereby storing this regenerative energy back into the batteries. During normal operating conditions, a boat owner may never need to start the diesel engines to propel the boat and can leave port, sail and return to port completely powered by batteries or clean wind.

"After intense testing and qualification, it is Bénéteau's intention to launch this new blue water standard powered by Valence Technology's dynamic energy systems, thereby leading the way in the development of the newest and most environmentally friendly sea vessels," **said Kanode.**

"Looking beyond the hybrid engine itself, this new system with energy regeneration represents a genuine revolution in terms of boating and protecting the marine environment," **said Bénéteau's Gust.** "It is a new way of sailing without any noise or polluting gas emissions, with the battery making it possible to store enough energy to live comfortably onboard for several days."

At December's Paris International Boat Show and at January's Dusseldorf Boat Show, Bénéteau, in association with ZF Marine, unveiled the new hybrid-electric drive system powered by Valence Technology energy storage systems.

The Bénéteau Group has 22 production sites and 450 dealers in more than 50 countries.

About Valence Technology, Inc.

Valence Technology is an international leader in the development of safe, long-life lithium iron magnesium phosphate energy storage solutions and provides the enabling technology behind some of the world's most innovative and environmentally friendly

applications. 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 Technology is strategically aligned by five business segments: Motive, Marine, Stationary, Industrial and Military. In addition to the corporate headquarters in Texas, Valence Technology has its Research & Development Center in Nevada, its Europe/Asia Pacific Sales office in Northern Ireland and global fulfillment centers in North America and Europe. Valence Technology is traded on the NASDAQ Capital Market under the ticker symbol VLNC. For more information, visit www.valence.com.

About Bénéteau Group

As the world's number-one sailboat builder, the Bénéteau Group has continued to develop its business on the powerboat market, and is one of the leading players in Europe. On both sail and powerboats, the Bénéteau, Jeanneau, Lagoon and Prestige brands are able to offer more than 100 models ranging from 20 to 60 feet. The Group has one of the most prestigious names for the custom construction of luxury yachts: CNB. It is expanding its range in the segment for powerboats over 15 meters with Prestige Yachts and Monte Carlo Yachts. The Group is also a leading player on the European leisure home market and is developing its business on the market for high environmental performance residential homes. Bénéteau is a publicly traded company listed on Paris Euronext exchange under ticker "BEN" with 2008 sales of Euro 1.1 billion.

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 how many or whether any batteries are purchased under the Supply Agreement with Bénéteau, which contains no minimum purchase commitment by Bénéteau; Valence's ability to scale its manufacturing process in order to deliver on any purchase orders; and its ability to 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 Annual Report on Form 10-K for the fiscal year ended March 31, 2009, and our Quarterly Reports on Form 10-Q for the fiscal quarters ended June 30, 2009, September 30, 2009 and December 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.

Photos/Multimedia Gallery Available: <http://www.businesswire.com/cgi-bin/mmg.cgi?eid=6182376&lang=en>

SOURCE: Valence Technology, Inc.

IR Contact:

Pierpont Investor Relations
A. Pierre Dubois, 512-527-2921
investor@valence.com

or

PR Contact:

Allyn Media
Kyle Tarrance, 214-871-7723
ktarrance@allynmedia.com

Copyright Business Wire 2010