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**QUALLION HOSTS CALIFORNIA GOV. SCHWARZENEGGER
TO HIGHLIGHT IMPORTANCE OF CA JOBS INITIATIVE
FOR GREEN TECH MANUFACTURING COMPANIES**

***Largest US Producer of Lithium Ion Batteries Poised to Receive \$8.5 Million
in Savings as it Expands California Operations***



Sylmar, Calif. (February 1, 2010) — Today, Quallion LLC, the world leader in the development of customized lithium ion batteries, hosted California Governor Schwarzenegger at the company's Sylmar manufacturing facility. Governor Schwarzenegger participated in a tour of Quallion's state-of-the-art manufacturing facilities and conducted a press conference that addressed the Governor's *California Jobs Initiative*, a legislative package designed to create or retain at least 100,000 California jobs. During the visit, Governor Schwarzenegger emphasized the importance of a *California Jobs Initiative* proposal that would exempt the purchase of green tech manufacturing equipment from sales tax.

The Governor's *California Jobs Initiative* legislation could have significant financial implications for California-based Quallion. The company has embarked on a 5-year, \$85 million expansion of its advanced lithium ion battery manufacturing facilities. Quallion's expansion will create up to 200 jobs in California immediately, with 200-400 full-time skilled jobs planned in the near future. By exempting the company from California's 10 percent sales tax, Governor Schwarzenegger's proposal would allow the company to realize approximately \$8.5 million in savings for the entire project. These savings would appreciably reduce Quallion's operating costs and make the company more competitive with battery manufacturers in other states and around the world.

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"In my State of the State Address I made it clear that jobs are my top priority. Job creation through green tech is not only important to improving our economy, but is essential to the future success of California and the entire country," said Governor Arnold Schwarzenegger. "My Jobs Initiative sends a clear message to every CEO, entrepreneur and innovator – if you're investing in a cleaner future, California will invest in you. We must maintain our position as the global leader in innovation and I want to help ensure that California companies like Quallion are able to succeed and lead the way in this effort."

"California has a long tradition of fostering the development of innovative technologies. We embrace Governor Schwarzenegger's commitment to continuing this tradition and incenting innovation by greatly reducing the cost of doing business in the state," said Paul Beach, Quallion President. "By offering a tax credit that reduces Quallion's cost of expansion by almost 10 percent, the *California Jobs Initiative* will improve our competitiveness not just against manufacturing in other states, but from other parts of the world."

Quallion's expanded lithium ion battery facilities will enable the company to grow its operations, which include the design, fabrication and manufacture of state-of-the-art lithium ion cells and battery packs for green-tech opportunities as well as military, aerospace, and medical industries.

Quallion currently produces high volume medical and military batteries as well as custom-designed aerospace batteries. Cell designs range from the world's smallest conventional lithium ion cell (a cylindrical 1.8 mAh cell) for medical implants to large 15 Ah and 72 Ah prismatic cells. Quallion also has extensive experience with the commercialization of its module type battery configurations which use its proprietary Matrix™ technology. The Quallion Matrix™ will enable scalable battery designs that can be quickly and cost effectively reconfigured for use in a variety of vehicles from heavy duty trucks to passenger cars.

About Quallion LLC

Quallion LLC was founded in 1998 by biotechnology and aerospace entrepreneur Alfred E. Mann and lithium ion battery specialist Dr. Hisashi Tsukamoto. The company designs, fabricates and manufactures state-of-the-art lithium ion cells and battery packs, and develops new battery chemistries for the military, aerospace, medical and automotive industries. Building on its legacy leadership position in the medical device industry, the company has developed a range of novel enabling technologies that include the world's smallest implantable secondary battery and the proprietary Zero-Volt™ and SaFE-LYTE™ technologies. Leveraging its core engineering capabilities, Quallion has established itself as a leader in applications where advanced battery technology, safety, reliability and custom engineering are most valued. The company possesses more than 60 chemistry, cell and battery patents and has 90 pending patents. Company certifications include ISO 9001:2000, AS9100B, and ISO 13485:2003. Visit www.quallion.com for more information.

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