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**QUALLION SELECTS PALMDALE, CALIF. FOR NEW
LITHIUM ION BATTERY MANUFACTURING FACILITY**

***Largest US Producer of Lithium Ion Batteries Poised to Receive \$10.6 Million
in Incentives to Build Palmdale Plant***

Sylmar, Calif. (July 8, 2009) — Quallion LLC, the world leader in the development of customized lithium ion batteries, today announced that it has selected Palmdale, Calif., as the location for its new state-of-the-art battery manufacturing plant. More than \$10.6 million in incentives have been offered to Quallion by the City of Palmdale for the development of its new facility. Proposed incentives include tax credits, fee waivers and the sale of 9.65 acres of land in the Fairway Business Park for the price of \$1. The City of Palmdale's proposal further supports Quallion's application for funding to build this plant under the U.S. Department of Energy's (DOE) Recovery Act – Electric Drive Vehicle Battery and Component Manufacturing Initiative.

The announcement follows the endorsement of California's Congressional Delegation and the California Energy Commission's announcement that it will provide up to \$9 million in cost sharing for Quallion's new manufacturing facility if the company receives a funding award from the DOE.

"We are continuing to move aggressively at the local level as we await a decision from the DOE in anticipation of a positive outcome," said Paul Beach, Quallion president. "Our latest efforts have led to securing approximately \$20 million from the City of Palmdale and the California Energy Commission to make this new facility a reality. We have game changing technology at hand and this plant can create as many as 400 jobs in California immediately, with even more jobs possible in the near future. Bringing this project to fruition will have a dramatic impact on the local and state-wide economy, and we're very excited about this prospect."

If its DOE and California Energy Commission bids are granted, Quallion will begin construction of its new lithium ion battery manufacturing facility immediately, with the facility slated to be complete in 2012. More than 400 construction jobs will be created in Palmdale and more than 2,350 long-term skilled manufacturing and installation jobs will be created in California and across the country. Quallion's plant will significantly increase America's influence in the Asian dominated lithium ion battery industry and will help to renew America's manufacturing job market.

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“We are very excited that Quallion selected Palmdale as the location to build their new facility,” said Palmdale Mayor Jim Ledford. “In addition to the huge economic and job creation upside that their presence brings, the fact that they chose Palmdale says volumes about our community. Palmdale continues to be a City that provides the kind of quality of life that employers seek for their employees and their families—a safe environment, excellent retail shops and restaurants, the finest recreational amenities and activities for people of all ages.”

Quallion’s proposed lithium ion battery facility will directly support President Obama’s goal to have one million plug-in hybrid cars on the road by 2015. The new plant will produce zero emission advanced lithium ion batteries for automobiles as well as batteries that replace engine idling as a stationary power source for heavy duty trucks. Anti-idling laws, which forbid the use of engine idling in a stationary truck to power electrical systems that run air conditioning and heating, exist in 24 states and the District of Columbia. The state of California has some of the most rigorous laws, which have a minimum fine of \$300 for idling, up to \$10,000. Additionally, according to the U.S. Environmental Protection Agency, truck idling results in the emission of 11 million tons of CO₂ and the DOE estimates that engine idling consumes 3.2 billion gallons of diesel fuel annually. With the DOE funding Quallion will be able to deliver a clean energy solution that enables the 2.54 million heavy trucks on American roads to comply with the growing number of anti-idling laws across the U.S., eliminate unnecessary pollution, and significantly reduce America’s consumption of fossil fuels.

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 and 72 Ah prismatic cells. Quallion also has extensive experience with the commercialization of its module type battery configurations using its proprietary Matrix™ technology that 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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