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AC Propulsion and Yulon Group Sign Electric Vehicle Development Agreement

Agreement establishes AC Propulsion's global leadership and flexibility in the electric vehicle market through the development of an intelligent electric MPV.

San Dimas, CA – October 10, 2008 - AC Propulsion, a global leader in electric vehicle technology, today announced a partnership with Yulon Group to build an electric MPV under Yulon Group's LUXGEN brand. The collaboration was announced Thursday in Taipei, Taiwan where Yulon Group CEO, Mr. Kenneth K.T. Yen hosted ROC President Ma Ying-Jeou and Guatemala President Álvaro Colom at the launch of Yulon's new LUXGEN brand.

Within this electric vehicle development agreement, Yulon Group licensed AC Propulsion's tzero™ Drive System, Vehicle Management System, and Battery Management System to develop a fleet of electric vehicles under the LUXGEN brand. Additionally, AC Propulsion provided design services to customize its tzero™ technology for an intelligent electric MPV.

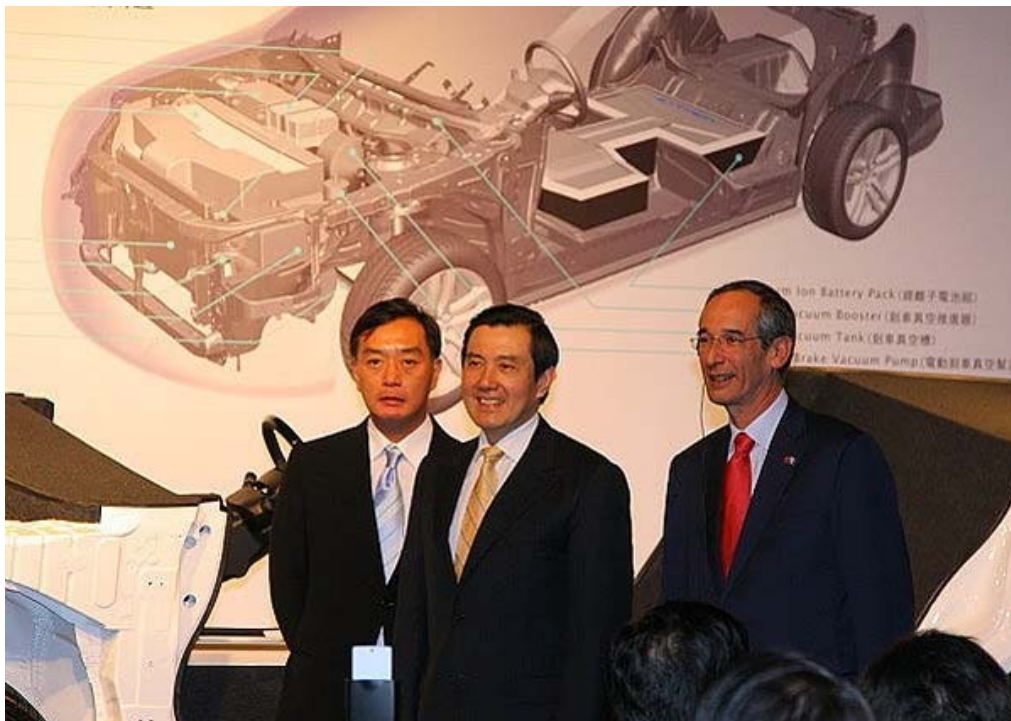
"AC Propulsion is pleased to be working with Yulon because they have a responsive organization, aggressive plans, and they see the future clearly," said Tom Gage, AC Propulsion CEO and President. "Yulon's shares our vision, and we both see the need for electric cars. Yulon chose the launch of their new brand, LUXGEN, to announce our electric vehicle program, because LUXGEN will embody luxury with intelligence. Electric propulsion helps achieve both virtues."

"Our technology has succeeded because it drives great, goes fast, has enough range, and you can plug it in anywhere." Tom Gage. "We have enough experience building and driving EVs to know what customers need and want. Yulon Group is a leader in automotive information technology and we look forward to working with them to create the next level of electric vehicle sophistication and customer satisfaction."

The electric LUXGEN will be Asia's first mass-production all-electric car, and the world's first intelligent electric car. Initial plans include distribution within Asia, although Yulon and AC Propulsion will review the potential for release in the US.



The LUXGEN EV mockup featuring AC Propulsion power



(L to R) Yulon Group CEO, Mr. Kenneth K.T. Yen, ROC President Ma Ying-Jeou, Guatemala President Álvaro Colom, at the LUXGEN announcement

About AC Propulsion

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AC Propulsion is the global leader in the development, design and manufacture of electric vehicle technology. AC Propulsion's proprietary tzero™ technology is a complete solution for electric vehicles, and can be customized for every class of electric vehicle, from a sports car to an SUV to an 8-ton city bus.

Products within in tzero™ product suite include:

- Drive System: includes an integrated, bi-directional battery charger, Power Electronics Unit (PEU) and Motor
- Battery Management System: manages and extends battery range and operating life
- Vehicle Management System: controls operation and provides an interface to other components of the vehicle

Engineering Services include:

- Design services: AC Propulsion works with our customers to customize tzero™ technology to suit their needs
- Licensing tzero™ technology: tzero™ technology is available for a non-exclusive license to manufacturers who want to develop and manufacture their own propulsion systems
- Intellectual Property: Our proprietary technology improves vehicle efficiency and range, reduce cost and enhance customer satisfaction with the final product.

AC Propulsion's technology allows for 200 kW or 268 horsepower, up to a 300 mile range at 60 mph and the ability to replenish 90 miles per hour charging in any standard outlet. AC Propulsion is also a leader in the development of Vehicle to Grid (V2G)-capable vehicles, as well as the research and development of V2G technology.

For further information, please visit www.acpropulsion.com

About Yulon Group

Yulon Group, founded 1951, is a leading corporate presence in Taiwan and operates internationally in the automotive, electronic technology, textile, construction, and venture capital sectors.

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