

## OVERCHARGED STOCK. (STOCK PRICE OF VALENCE TECHNOLOGY RISES AND THEN FALLS) (FOLLOW-THROUGH) (COLUMN)

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HYPING A TECHNOLOGY stock takes little more than a tabletop demo, a bullish analyst's report and a press release announcing a fat contract with a reputable company. That's how **Valence** Technology hoisted its stock to 19 when **FORBES** took a hard look at the company (Mar. 1, 1993).

**Valence** promotes a rechargeable lithium/polymer battery that supposedly packs more watt-hours for its weight, holds a charge longer and costs less to make than the nickel/cadmium standard. And--this is the tabletop part--when Chairman Lev Dawson (since resigned) cut the thing in half, it just kept on running. But not for long, we found out.

We also reported that a scientist who smiled on the product had taken **Valence's** word for the battery's performance, that the bullish report from Montgomery Securities might have been colored by its work underwriting the stock, and that a \$100 million "order" from Motorola was nothing more than a commitment to buy if **Valence** could deliver a cheap, high-performance battery.

Despite those risks the market took the stock even higher, to 23% last October. Then, on May 3, **Valence** said it could not meet Motorola's specifications anytime soon. After that, **Valence's** stock dropped to 5 1/4.