In an ever-changing marketplace, Battelle delivers—speeding great ideas into even greater products.

Ushering new technology into the marketplace has become an increasingly complex process. Industries in the United States, western Europe, Japan, and other highly developed countries—under pressure to maximize investment returns—are pursuing several approaches. They may cut domestic research and development, establish lower cost R&D centers overseas, emphasize "in-sourcing" by soliciting new product opportunities, and/or contract with others to shift R&D from a fixed to a variable cost. In addition, the companies that do contract with outside firms often seek single-source, multidisciplinary R&D providers.

In response to these needs, Battelle offers a tailored "one-stop" approach configured to serve a diverse and expanding commercial marketplace—from contract research to licensing to venturing.

Contract Research with a Sharp Focus

Contract research with Battelle provides "instant-on" variable cost R&D. We conduct all work on a project basis with clear, mutually agreed-upon milestones and "go" or "no-go" decision points. Battelle's contract research generally falls into two categories:

- R&D services or solutions that complement the core strengths of our clients—for example, developing a medical device or conducting preclinical toxicology studies for a pharmaceutical company, or creating materials solutions for a durable goods manufacturer; and

- Multidisciplinary solutions that extend the core technical expertise of the client and leverage our unique capabilities—for example, developing next-generation fuel cell membranes, infectious disease assays, and automated medical diagnostics.

Licensing for Marketplace Success

Licensing provides our industrial clients with the intellectual property rights needed to effectively implement Battelle innovations. Licensing can occur as an integral part of contract research or as an independent transaction based on Battelle's Intellectual Property.

Nothing Ventured, Nothing Gained

Battelle Ventures is a $150 million venture fund financed by, but independent of, Battelle. Current activity includes early-stage investments in life sciences, homeland security, and alternative energy. Battelle Ventures portfolio companies offer world-class products and services to commercial and government customers. Battelle also has incorporated these products and services into selected contract research projects.

Expanding Our Global Reach

Battelle recognizes the global nature of both providers and consumers of technology. In 2006, we established affiliate operations in Japan and Korea to complement our operations in the United States and Europe, and we plan to expand our laboratory presence to other countries in the future.

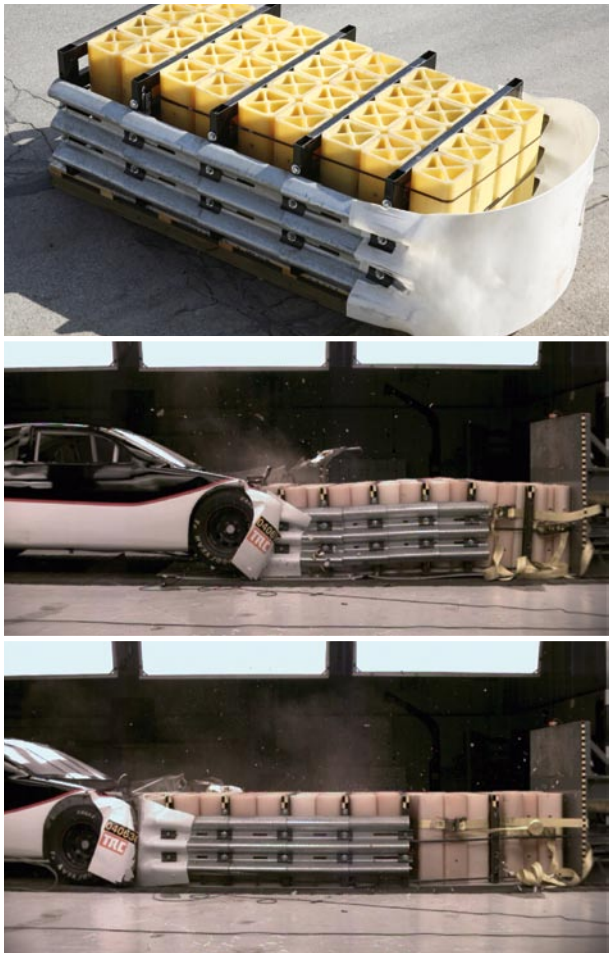
Wow! Talk about Broad Applications!

Innovation coupled with a venture fund investment spurred the commercialization of a technology that not only identifies concealed weapons but also can ensure a better-fitting pair of jeans. The technology, originally developed at Battelle-managed Pacific Northwest National Laboratory, uses millimeter waves to create a 3-D image of a person's body in seconds, clearly displaying hidden contraband. Battelle licensed the patented technology to SafeView, Inc., which commercialized the technology for the non-invasive security "portals" market. Battelle Ventures, a $150 million venture fund, followed with a significant investment.

A portal screening product, called SafeScout™, was then implemented at border crossings in Israel, international airports in Mexico City and Amsterdam, ferry landings in Singapore, railway stations in the UK, and commercial buildings in Tokyo. In 2006, L-3 Communications, a world leader in defense electronics and communications, purchased SafeView. The transaction resulted in financial returns for both Battelle Ventures and Battelle. A second license of the technology was granted to Intellifit, another small company that further developed the technology to measure a person's body for custom-fit clothing. Today, internationally known companies are using the technology to help consumers select the perfect size and style of jeans.

Advancing Advanced Materials

Battelle scientists are developing energy-absorbing materials and systems with the potential to do everything from protecting a child in a car safety seat to cushioning the impact on automobile bumper assemblies to providing blast-resistant protection for soldiers in military vehicles. Originally developed for highway safety barriers, FlexAll™ is finding new uses in military armor systems as ShieldAll™.



Battelle's hyperelastic FlexAll™ crumples to absorb an incoming force and then returns to its original shape within minutes. During a series of tests, race cars were driven into its honeycomb-like columns at speeds up to 60 mph. The energy-absorbing material behaved identically crash after crash, absorbing 92 percent of an impact's energy each time.