



ZBB ENERGY CORPORATION ANNOUNCES MEMORANDUM OF UNDERSTANDING WITH EATON CORPORATION

(MILWAUKEE, WI) – (December 8th, 2008) – ZBB Energy Corporation (AMEX: ZBB) advises that it has executed a Memorandum of Understanding (MOU) with Eaton Corporation (NYSE: ETN), effective from December 1st, 2008. The Company filed a Form 8-K with the Securities and Exchange Commission on December 3rd, 2008.

The strategic goal of this understanding is to establish an Eaton supplier relationship to ZBB for Eaton components, services and systems; and to establish a ZBB supplier relationship to Eaton for Sustainable Energy Storage Solutions.

The ultimate goal obtained by leveraging this mutual understanding is acceleration of ZBB sales growth via Eaton's channels to market in the Utility, Renewable Energies and Critical Power markets.

The companies have also entered into an Eaton Bilateral Information Agreement and a ZBB Mutual Confidentiality and Non-Disclosure Agreement, both of which are now currently in effect.

About ZBB Energy Corporation

ZBB Energy Corporation develops and manufactures distributed energy storage solutions based on the Company's proprietary zinc rechargeable electrical energy storage technology. The unique modular construction of the Company's core 50 kWh product enables ZBB's fuel cell type energy storage system to be sized and packaged as products (ZESS 50, ZESS 500) as well as a fully customized, large format, energy storage system. This scalable, mobile system is ideally suited for large market applications.

About Eaton Corporation

Eaton Corporation is a diversified power management company with 2007 sales of \$13 billion. Eaton is a global technology leader in electrical systems for power quality, distribution and control; hydraulics components, systems and services for industrial and mobile equipment; aerospace fuel, hydraulics and pneumatic systems for commercial and military use; and truck and automotive drive train and power train systems for performance, fuel economy and safety. Eaton has 82,000 employees and sells products to customers in more than 150 countries.

Safe Harbor

Except for the historical information contained herein, the matters set forth in this press release, including the description of the company and its product offering, are forward-looking statements within the "safe harbor" provision of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risk and uncertainties that may cause actual results to differ materially, including historical volatility and low trading volume of our stock, the risk and uncertainties inherent in the early stages of growth companies, the company's need to raise substantial additional capital to proceed with its business, risks associated with competitors, and other risks detailed from time to time in the company's most recent filings with the Securities and Exchange Commission. These forward-looking statements speak only as of the date hereof. The company disclaims any intent or obligation to update these forward-looking statements.

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