

AXION POWER INTERNATIONAL, INC.
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AXION POWER REPORTS 2007 RESULTS

FOR IMMEDIATE RELEASE

NEW CASTLE, PA (April 7, 2008) . . . Axion Power International Inc (OTC Pink Sheets: AXPW), a leading innovator of carbon electrode assemblies for the lead-acid battery industry, and lead-carbon batteries for energy storage, reported results today for the year ended December 31, 2007.

For 2007, the Company reported revenues of \$534,000 as compared with \$275,000 for 2006. Operating loss was \$5.2 million in 2007 as compared with \$7.5 million in 2006, resulting in a net loss before taxes of (\$5.8 million) in 2007 as compared with a net loss before taxes of (\$7.0 million) in 2006.

After giving effect to \$8.4 million in non-cash charges arising from the accrual of dividends and beneficial conversion features for two previously issued classes of convertible preferred stock, the net loss attributable to common shareholders for 2007 was (\$14.2 million), or (\$.87) per share, as compared with a net loss attributable to common shareholders of (\$7.8 million), or (\$.47) per share in 2006.

CEO Tom Granville commented, “2007 was a momentous year for us. We completed the renovation of our battery manufacturing plant here, and relocated our R&D group from Toronto, where we began to transition our patented energy storage technologies from theory to practice. We increased our sales of specialized lead-acid batteries for antique cars and high-powered racecars, and began to manufacture PbC batteries for demonstration projects in the fields of electric grid buffering and wind and solar storage. We added significant strength to our management team by hiring battery industry giant, Dr. Robert Nelson, to serve as our VP of Manufacturing, and by retaining former SEC Staff Accountant Carr Conway to serve as our CFO. We were able to make these additions and still reduce our 2007 operating costs by 20 percent.

“We were recognized as an important technology company that could have significant impact on the economy of Western Pennsylvania, and were given a state grant of \$1.2 million to assist in the purchase of equipment for our plant. We invented a sophisticated real-time monitoring system to monitor and record battery performance at remote test sites, and we took the first steps necessary to reach mass production of the proprietary carbon electrode assemblies that, we believe, will change the landscape of the advanced lead-acid battery industry. We also were awarded a summary judgment in a complicated Nevada court case related to our IP ownership.

“Just as 2007 was a watershed year, we believe that 2008 will be a year of notable accomplishment. We expect to significantly increase our production of both lead-acid and proprietary PbC batteries followed by high-volume manufacturing of our proprietary carbon electrode assemblies. We started 2008 with an important investment from the Los Angeles-based Quercus Trust, which agreed to invest \$18 million in our common stock and warrants. We closed the first \$4 million in January, have satisfied the milestone for the second closing and expect that to happen, and expect to close the final \$10 million before the end of June. The Quercus investment is not reflected in our December 31 balance sheet because it all happened subsequent to year-end, but nevertheless we have a ‘clean’ audit opinion. This string of accomplishments is one of the reasons we were selected for the first CleanEquity Monaco conference in February, a prestigious forum that spotlighted 40 of the most innovative small ‘green’ companies in the world.”

With today’s filing of its Annual Report on Form 10-K for 2007, Axion has become fully compliant with all applicable SEC reporting regulations. In connection with the restatement of its financial statements and the filing of its delinquent reports, Axion incurred approximately \$1.43 million in non-recurring costs for a combination of auditor, expert and attorney fees over the 18-month period from October 2006 through March 2008.

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The Company anticipates that it will inaugurate a quarterly conference call effective with the announcement of its results for the quarter ended March 31, 2008, and continue such calls thereafter. It will file registration statements, where necessary, to cover securities issued in various previously disclosed financings. The Company will also initiate a series of road trips in the coming months in order to meet with institutional investors, analysts and other thought leaders.

In closing Granville said, "We believe that being current with our filings will allow us to begin to realize a more appropriate valuation for Axion's stock and broadening market awareness of our accomplishments and plans will be a high priority for us starting today. We plan to seek an exchange listing for our stock and simplify our capital structure as quickly as possible."

About Axion Power International, Inc.

Axion has developed and patented a next generation energy storage device that won the prestigious 2006 Frost & Sullivan Technology Innovation Award for North America in the field of lead-acid batteries. According to Frost & Sullivan, Axion's new PbC™ has "the potential to revitalize the lead-acid battery industry by breathing new life into an established technology that was not well-suited to the requirements of important new applications like hybrid electric vehicles and renewable power."

PbC batteries use sophisticated carbon electrode assemblies to replace the simple lead-based negative electrodes used by other lead-acid battery manufacturers. The resulting device offers energy storage approaching lead-acid batteries, coupled with far longer cycle-life and power output approaching super-capacitors. These low-cost devices recharge rapidly and are environmentally friendly because they use 40% less lead. Axion has been producing prototype PbC Ultracapacitors at its lead-acid battery plant in New Castle, Pennsylvania for more than a year using the same cases, positive electrodes, separators, electrolytes and manufacturing equipment used in its other lead-acid battery lines. The only notable manufacturing difference is the use of Axion's proprietary carbon electrode assemblies instead of lead-based negative electrodes.

Axion believes its PbC Ultracapacitors are the only class of advanced energy storage device that can be assembled on existing lead-acid battery production lines without significant changes to production equipment and fabrication processes. It also believes it will be able to manufacture carbon electrode assemblies in volume at low cost using standard production methods that are commonly used in other industries. When its electrode manufacturing methods are fully developed, Axion believes it will be able to sell carbon electrode assemblies as virtual plug-and-play replacements for the lead-based negative electrodes used by all other lead-acid battery manufacturers.

Axion's goal is to become the leading supplier of carbon electrode assemblies for the lead-acid battery industry.

Safe Harbor

Certain statements in this Press Release are "forward-looking statements" within the meaning of the Private Securities Litigation Act of 1995. These forward-looking statements are based on our current expectations and beliefs and are subject to a number of risk factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Such risks and uncertainties include the risks inherent in commercializing a new product (including technology risks, market risks, financial risks and implementation risks, as well as other risks and uncertainties affecting the Company), and other risks that have been included in filings with the Securities and Exchange Commission, all of which are available at www.sec.gov. We disclaim any intention or obligation to revise any forward-looking statements, including, without limitation, financial estimates, whether as a result of new information, future events, or otherwise.

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TABLES FOLLOW

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AXION POWER INTERNATIONAL, INC
CONSOLIDATED STATEMENTS OF OPERATIONS
(A Development Stage Company)

	Three Months Ended December 31,	
	2007	2006
Revenues	\$ 101,261	\$ 59,524
Cost of tangible products sold	436,488	208,928
Gross profit / (loss)	(335,227)	(149,404)
Expenses		
Selling, general & administrative	998,551	1,561,181
Research & development	327,037	380,065
Interest expense - related party	141,091	334,847
Derivative revaluation	(12,878)	511,327
Other, net	(739)	78,729
Net loss before income taxes	(1,788,289)	(1,890,544)
Income Taxes	83,469	-
Deficit accumulated during development stage	(1,871,758)	(1,890,544)
Less preferred stock dividends and beneficial conversion feature	(515,704)	(747,494)
Net loss applicable to common shareholders	\$ (2,387,462)	\$ (2,638,038)
Basic and diluted net loss per share	\$ (0.14)	\$ (0.16)
Weighted average common shares outstanding	16,747,298	16,628,290

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AXION POWER INTERNATIONAL, INC
CONSOLIDATED STATEMENTS OF OPERATIONS
(A Development Stage Company)

	Years Ended December 31,	
	2007	2006
Revenues	\$ 533,911	\$ 275,377
Cost of tangible products sold	1,130,885	557,983
Gross profit / (loss)	(596,974)	(282,606)
Expenses		
Selling, general & administrative	3,720,632	4,788,986
Research & development	1,308,345	2,001,506
Impairment of assets	-	6,581
Interest expense - related party	276,651	713,048
Derivative revaluation	(72,236)	437,588
Mega C Trust Share Augmentation (Return)	-	(1,125,000)
Other, net	(47,708)	(77,352)
Net loss before income taxes	(5,782,658)	(7,027,963)
Income Taxes	83,469	-
Deficit accumulated during development stage	(5,866,127)	(7,027,963)
Less preferred stock dividends and beneficial conversion feature	(8,417,955)	(835,529)
Net loss applicable to common shareholders	\$ (14,284,082)	\$ (7,863,492)
Basic and diluted net loss per share	\$ (0.88)	\$ (0.47)
Weighted average common shares outstanding	16,247,299	16,628,290

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AXION POWER INTERNATIONAL, INC
CONSOLIDATED BALANCE SHEETS
(A Development Stage Company)

	<u>April 30, 2008</u>	<u>December 31, 20 07</u>	<u>December 31, 20 06</u>
	(Estimated)	(Audited)	(Audited)
ASSETS			
Current Assets:			
Cash & cash equivalents	\$ 5,306,140	\$ 671,244	\$ 3,610,280
Accounts receivable	161,083	133,646	45,007
Other receivables	337,491	341,801	429,035
Inventory	478,841	375,635	267,186
Prepaid expenses	<u>95,790</u>	<u>82,102</u>	<u>92,579</u>
Total current assets	6,379,345	1,604,428	4,444,087
Property & equipment, net	<u>2,351,155</u>	<u>2,119,252</u>	<u>1,044,805</u>
TOTAL ASSETS	<u>\$ 8,730,500</u>	<u>\$ 3,723,680</u>	<u>\$ 5,488,892</u>
LIABILITIES & STOCKHOLDERS' EQUITY			
Current Liabilities:			
Accounts payable	\$ 752,345	\$ 1,573,436	\$ 911,466
Other current liabilities	528,246	583,591	840,330
Notes payable to related parties	2,642,214	2,259,826	499,482
Liability to issue equity instrument	<u>106,183</u>	<u>106,183</u>	<u>-</u>
Total current liabilities	4,028,988	4,523,036	2,251,278
Deferred revenue	<u>794,415</u>	<u>840,945</u>	<u>-</u>
Total liabilities	\$ 4,823,403	\$ 5,363,981	\$ 2,251,278
Stockholders' Equity:			
Preferred stock – 12,500,000 shares authorized			
Senior preferred – 137,500 shares outstanding	1,549,666	1,515,376	1,548,989
Series A preferred – 822,997 shares outstanding (782,997 in 2006)	10,055,990	9,802,894	1,578,235
Common stock – 50,000,000 shares authorized 16,248,298 outstanding (16,247,298 in 2006)	2,025	1,625	1,625
Additional paid in capital	33,487,929	25,768,331	24,574,346
Deficit accumulated during development stage	(40,958,690)	(38,498,704)	(24,214,622)
Cumulative foreign currency translation adjustment	<u>(229,823)</u>	<u>(229,823)</u>	<u>(250,959)</u>
Total Stockholders' Equity	<u>3,907,097</u>	<u>(1,640,301)</u>	<u>3,237,614</u>
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	<u>\$ 8,730,500</u>	<u>\$ 3,723,680</u>	<u>\$ 5,488,892</u>